

IRAAN-SHEFFIELD I.S.D.

Fiscal Manual



Home of the Braves & Bravettes!

I hereby acknowledge receipt of my personal copy of the ISISD Fiscal Manual.

I agree to read the handbook and abide by the standards, policies, and procedures defined or referenced in this document.

The information in this handbook is subject to change.

I understand that changes in district procedures may supersede, modify, or render obsolete the information summarized in this booklet.

As the district provides updated information, I accept responsibility for reading and abiding by the changes.

This manual will be available on the district's website with the most current procedures.

I agree that I am responsible for checking the website for any updates or changes.

Name (Printed) _____

Signature _____

Date _____

This fiscal manual has been prepared to provide general information, guidelines, and procedures for budgeting and expending district funds and related business functions. It is comprised of state and federal laws and local policies and procedures that are used for processing all financial and budget-related items. Additional information may be available within ISISD's Board Policies, Administrative Procedures, or other web resources. Although it is not all-inclusive and cannot address all situations, it does provide general information to assist with standard financial operations. All ISISD personnel with financial duties are responsible for the contents.

All Trustees, employees, vendors, contractors, consultants, volunteers, and any other parties who are involved in ISISD's financial transactions shall act with integrity and diligence in duties involving the district's financial resources.

ISISD prohibits fraud and financial impropriety, as defined below, in the actions of its Trustees, employees, vendors, contractors, consultants, volunteers and others seeking or maintaining a business relationship with ISISD. Refer to Board Policy CAA (Local) for fraud prevention, reporting, investigations, and consequences.

Fraud and financial impropriety shall include but not be limited to:

- Forgery or unauthorized alteration of any document or account belonging to ISISD;
- Forgery or unauthorized alteration of a check, bank draft, or any other financial document;
- Misappropriation of funds, securities, supplies, or other ISISD assets, including employee time;
- Impropriety in the handling of money or reporting of ISISD financial transactions;
- Profiteering as a result of insider knowledge of ISISD information or activities;
- Unauthorized disclosure of confidential or proprietary information to outside parties;
- Unauthorized disclosure of investment activities engaged in or contemplated by ISISD;
- Accepting or seeking anything of material value from contractors, vendors, or other persons providing services or materials to ISISD;
- Destroying, removing, or inappropriately using records, furniture, fixtures, or equipment;
- Failing to provide financial records required by state or local entities;
- Failure to disclose conflicts of interest as required by policy; and
- Any other dishonest act regarding the finances of ISISD.

Any person who suspects fraud or financial impropriety shall report the suspicions immediately to the Superintendent or designee, the Board President, or local law enforcement.

If assistance is needed in any area of business operations, please contact the ISISD Business Office.

Iraan-Sheffield ISD
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(432) 639-2512
<http://isisd.net/>

http://isisd.net/Administration/Business/business_office.htm

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Section 1

Payroll Guidelines

Annual Payroll Calendar

The District publishes its annual payroll calendar in a manner that is easily obtainable by all employees. This schedule is posted each summer on the District's Business Office web page and distributed through flyers in August payroll checks. http://isisd.net/Administration/Business/business_office.htm

ISISD employees are paid once a month at or about the 20th of the month. Their annual salary is divided by twelve months and paid in equal installments. In December each year, the end of the month payroll check is issued early, typically just before staff is released for the Christmas Holidays.

Required Payroll Deductions

Full-time employees of the District contribute to the social security system, as well as the Teacher Retirement System of Texas. Each employee has 6.40% of their gross pay withheld before taxes and contributed to TRS on a pre-tax basis. Additionally, the state of Texas contributes an equal amount up to the statutory minimum salary amount for each employee. The District makes a contribution on behalf of each employee for the difference between the state and employee contribution. Also, each employee makes a contribution to the TRS-CARE health insurance program of 0.50% of the gross pay.

All school district employees are required to have some amount of federal tax withheld from their check and remitted to the federal government. The amount deducted from an employee's check depends on how many exemptions and filing status claimed by the employee. The IRS form W-4 is the document used by each employee to document his or her filing status (single, married, married but withhold at the higher single rate) and number of exemptions claimed. Employees usually fill out this form when they first come to work, but they may change their exemptions or status once a year or whenever an event occurs (new baby, divorce, death of spouse, marriage) that changes either one.

Child support payments are processed by payroll only when properly received from a county Child Support Office, from the Child Support Services division of the Attorney General's office or from an appropriate court of jurisdiction. It is the employee's responsibility to file a change of employment request with the State Child Support Office.

Tax levies from the Internal Revenue Service or payment orders from the Texas Guaranteed Student Loan Fund for repayment of student loans are also processed by Payroll, and are mandatory employee deductions when properly received by the District.

Optional Payroll Deductions

Many optional payroll deductions are available to ISISD employees. Among just a few of these are the following options:

- 403b tax sheltered investments – open to all employees and available through any vendor on the TRS-approved list. The entire list can be found on the TRS web site.
- Optional 457 plan tax-sheltered investments.
- Health insurance, vision, dental, cancer, additional life, short-term disability and other health-related coverages
- Professional organization dues

Direct Deposit

The Texas Labor Code, Section 61.016, specifies that the District may choose the form of payment to its employees. The three choices prescribed by law are:

1. Cash payment in U. S. currency
2. Written, negotiable instrument in U. S. denomination (check), or
3. Electronic transfer of funds.

In order to conserve District funds and improve productivity, the electronic transfer of funds (Direct Deposit) has been determined to be the most efficient system of paying employees. ***Direct payroll deposit is required for all employees paid through the District payroll system.*** Direct Deposit can be made to any bank, savings or brokerage account in the United States Federal Reserve banking system as long as an account number and an

ABA routing number are available. Signing up for Direct Deposit is quick and easy. The appropriate form is available from the Business Office. It is also available on the District Business Office web page at <http://isisd.esc18.net/Info/Forms/forms.htm>.

All employees should begin checking their bank accounts on the date listed on the payroll schedule. In the event the employee's pay does not reach his/her account, first contact your bank. A check cannot be issued until the bank rejects the ACH wire. This may take as long as two days. If a check is mailed and not received, the check cannot be reissued for seven working days. After seven days, a stop payment request is issued to the bank (signed by the employee), and a check can be reissued 24 hours after the stop payment request. If a new check is issued the original check is delivered to the employee, the original check must be returned to the Business Office. **DO NOT ATTEMPT TO CASH THE CANCELLED CHECK.**

Errors on Direct Deposit/Paychecks – In the event an employee does not feel he/she has received proper payment for services rendered, the employee should first ask the campus secretary/timekeeper. If necessary, the secretary/timekeeper will direct the employee to the Business Office for further review of the matter. When an employee is contacting the Business Office, please have your most current pay stub available. Do not call the business office with a question based on the direct deposit amount as it appears on the bank's website. Please refer to the pay stub itself before calling. Questions will not be answered until the employee receives and reviews his/her pay stub.

Extra Duty Pay –List the employees *alphabetically* using their full name, their *social security number*, amount to be paid and reason for extra duty pay. This form needs to be signed by the supervisor and sent to the Business Office. **All extra duty pay memos are due on the same day as time sheets.** Extra pay is normally paid the following month after it is worked.

Absences – When an employee is absent from duty for 4 days or more due to family illness, they must provide a doctor's note upon return. When they are absent from duty for 5 days or more for personal illness, they must also provide a doctor's note upon return. **Please notify the Business Office when employees are off for 5 days or more.** If you know of a long absence ahead of time, please e-mail us. They must provide the Business Office with a doctor's release **before** returning to work.

Personal Leave Days – Refer to Board Policy, DEC Local.

Resignations: *When an employee resigns, please inform the Business Office immediately.* Final pay off calculations will not be determined until written notice is submitted.

Change of Address/Telephone Numbers – When an employee moves to a different address or changes a telephone number, please contact the Business Office. It is imperative that we have their most current contact information.

Other life-changing events – Marriage, divorce, birth of a child, adoption, death of a spouse and other life-changing events usually trigger a need to notify the business office. When in doubt, call and check to see what information may be needed or if assistance is necessary.

Jury Duty – Employees must provide a receipt from the court when they are absent for jury duty. The subpoena is not sufficient proof for jury duty. You need to keep this receipt with their absence form.

W-4 Forms - Employee Withholding Allowance Certificate – All employees can now download the W-4 form off the ISISD website. You will find several documents for our employees' convenience.

W-2 Forms – Annual Wage and Tax Statements – This calendar year statement is issued no later than January 31 each year to all current and former employees who received any compensation from the District during the previous year via a payroll check.

Payroll Schedules –Payroll Schedules are on the ISISD web site. Please follow the dates for submission of time sheets so there is sufficient time to calculate payroll.

AS A REMINDER: EMPLOYEES MUST RECEIVE PRIOR APPROVAL BEFORE WORKING OVERTIME.

Employees whose salaries are paid with federal funds are required to keep time and effort documentation as well as an up-to-date signed and dated job description on file.

Time and effort serves as the 'receipt' for payroll expenditures. Federal regulation requires that any salaries and benefits charged to federal awards with multiple costs objectives OR a combination of federal with state/local funds must be based on documentation that meets the following criteria in order to reflect allowable charges to the federal awards:

- The employee's time must be documented in writing.
- The documentation should reflect the actual time spent by the employee on activities of the federal program(s) being charged.
- The period covered by the documentation may not exceed one month, to coincide with pay periods.
- The documentation should account for all of the employee's time for the period covered (including state/local activities); therefore, the reports must reflect and after-the-fact distribution of 100% of the actual time spent on each activity.
- The documentation should be signed by the employee and the employee's supervisor.
- This requirement applies to all Federal awards unless specifically exempted by the Office of Management and Budget (OMB).

District employees working on a single cost objective must certify in writing, at least semi-annually, that he/she worked solely on the program(s) for the period covered by the certification. The certification must be signed by the employee and by a supervisor having first-hand knowledge of the work performed. The semi-annual (periodic) certification requires the employee's signature well as the signature of a supervisor (principal or superintendent.) Semi-annual (periodic) certifications are filed in the employees' folders in the Business Office.

Personnel Activity Reports (PARs) are completed on a monthly basis by employees working on multiple cost objectives and/or whose salaries are funded by a federal source as well as other sources (split-funded). PARs document the employee's time spent working on each activity (cost objective) and reflect actual work performed. Employees sign and date after-the-fact monthly reports (PARs) each month to coincide with pay periods. These forms are signed by the employee's supervisor and submitted to the Business Office each month, then filed in the employees' folders.

Current, detailed job descriptions describing the work performed by the employees paid from federal funds are signed and dated by the employee and supervisor. A current job description for each employee which delineates the program(s) or cost objectives under which the employee works should be available for documentation to support charges to federal programs. For teachers and instructional aides, daily class schedules should provide adequate documentation. However, teachers and instructional aides must maintain on file a signed and dated job description, agreement or equivalent documentation identifying the function(s) and activities performed for fund sources before or after their normal work day.

Job descriptions must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

Section 2

Purchasing Guidelines

I. PURCHASING OVERVIEW

Purchasing in the public sector environment presents numerous challenges including the requirements to comply with the statutes, policies, legal interpretations, and procedures, the dynamic and diverse nature of the school district environment, the competition among vendors for school district business, the consistent oversight by interest groups and the many “gray” areas relating to purchasing methods and procedures.

II. RESPONSIBILITY FOR PURCHASING

The main focus of the Business Office is to facilitate the acquisition of goods and services in order to meet the needs of schools and departments. The District’s objective is to purchase the best value of products, materials, and services at the lowest practical prices within relevant statutes, policies, and procedures. School district staff is not authorized to override the procedures found in this section which have been written to comply with the State laws and regulations, as well as preserve a level of internal accounting control necessary to demonstrate accountability, ethical conduct, and responsible behavior.

1. The function of this office is to organize and administer procurement/purchasing for the district in accordance with the responsibility and authority delegated by the Superintendent of Schools and the Board of Trustees.
2. As a support organization of the District charged with the responsibility of acquiring goods and services requested by Instructional and Administrative Departments, the Business Office will function in a manner consistent with State and Federal Law, Board policies and sound business practices.
3. The Business Office and other Administrative Offices share the responsibility of expenditures of district funds in such a manner that all transactions will pass numerous audits with respect of State, Federal, and District procurement regulations.
4. Acquisition of the requested goods and services over \$500 shall be made only by the issuance of an official numbered District purchase order, signed by the Business Manager.
5. Effective purchasing is a cooperative venture between the Business Office and other departments within the District. The level of service rendered by Business Office personnel will be improved by a thorough understanding of the procedures listed in this manual.
6. Situations will undoubtedly arise which are not fully covered by these procedures. The Business Office staff is available to discuss any special procurement procedure that serves the best interest of the District and the department concerned.
7. The Purchasing procedures contained in this document are intended to comply with Local, State, and Federal Statutes and Ordinances. In the event of conflict the appropriate statute or ordinance shall prevail.
8. In accordance with Article 6252-16 of the State of Texas statutes, the Iraan-Sheffield Independent School District does not discriminate against individuals or companies with respect to race, religion, color, sex, handicap, or national origin in the awarding of bids.

III. STANDARDS OF CONDUCT

A. Ethics

1. The District subscribes to the "Code of Ethics and Standard Practices for Texas Educators," (Board Policy, DH-Exhibit) which establishes proper conduct for District staff members. Principle I, Professional Ethical Conduct, Practices, and Performance, clearly applies to those individuals engaged in the purchasing process. This principle includes the following standards:
 - a. The educator shall not knowingly engage in deceptive practices regarding official policies of the school district or educational institution.
 - b. The educator shall not knowingly misappropriate, divert, or use monies, personnel, property, or equipment committed to his or her charge for personal gain or advantage.
 - c. The educator shall not submit fraudulent requests for reimbursement, expenses or pay
 - d. The educator shall not use institutional or professional privileges for personal or partisan advantage.
 - e. The educator shall neither accept nor offer gratuities, gifts, or favors that impair professional judgment or obtain special advantage. This standard shall not restrict the acceptance of gifts or tokens offered and accepted openly from students, parents, or other persons or organizations in recognition or appreciation of service.
 - f. The educator shall not falsify records, or direct, or coerce others to do so.

- g. The educator shall comply with state regulations, written local school board policies, and other applicable state and federal laws.
 - h. The educator shall apply for, accept, offer, or assign a position or a responsibility on the basis of professional qualifications.
2. All District staff members are public servants and therefore subject to Title VIII of the Penal code, regarding offenses against public administration, including bribery and corrupt influence (Chapter 36), perjury and other falsification (Chapter 37), obstructing governmental operation (Chapter 38), and abuse of office (Chapter 39). All District staff members shall perform their duties in conformity with District policy, ethical standards for professional educators, and state and federal law.

B. Conflict of Interest

Employment Requirements and Restrictions:

Conflict of Interest (Board Policy, DBD Local)

- 1. An employee shall not accept or solicit any gift, favor, service, or other benefit that could reasonably be construed to influence the employee's discharge of assigned duties and responsibilities.
- 2. An employee shall not recommend, endorse, or require students to purchase any product, material, or service in which the employee has a financial interest or that is sold by a company that employs or retains the District employee during non-school hours. No employee shall require students to purchase a specific brand of school supplies if other brands are equal and suitable for the intended instructional purpose.
- 3. An employee shall not use his or her position with the District to attempt to sell products or services.

C. Gifts

- 1. The State Ethics Commission established a workable limit of \$50 for meals and other gifts. In 1992, the Ethics Advisory Board held that benefits not allowed under state law included the following examples: a \$50 clock, a hotel room, an airline ticket, a hunting trip, football tickets, a hunting rifle, and a \$60 or more restaurant meal.
- 2. The State Board of Educator Certification has defined "tokens of recognition" such as plaques, fruit, baked goods, coffee mugs and ornaments as acceptable gifts. **Gifts to educators have never been condoned by the State.**
- 3. *The Texas Child Nutrition Program Handbook* summarizes Child Nutrition limits as follows. "... if you have any influence on what is purchased and accept gifts from vendors, you have committed a Class A misdemeanor."
- 4. GIFTS (Board Policy, DBD Legal) A public servant who exercises discretion in connection with contracts, purchases, payments, claims, or other pecuniary transactions of the District commits a class A misdemeanor offense if he or she solicits, accepts, or agrees to accept any benefit from a person the public servant knows is interested in or likely to become interested in any such transactions. *Penal Code 36.08 (d)*.

IV. LEGAL REQUIREMENTS

A. Contracts

- 1. All school district contracts for the purchase of **real property (goods) valued at \$10,000** or more in the aggregate during a 12 month period are covered by state legal requirements. EC 44.033
- 2. All school district contracts, (with few exceptions) **valued at \$25,000** or more in the aggregate during a 12 month period are covered by state legal requirements. EC 44.031
- 3. Exceptions:
 - a. Professional Services - architect, physician, certified public accountant, attorney, surveyor, engineer, or state certified real estate appraiser. EC 44.031f
 - b. Only Source Goods - items covered by a patent, copyright, or monopoly; films, books, manuscripts; utility services; and captive replacement or component parts for equipment repair. EC 44.031j
 - c. Repair or replacement of school equipment that has been damaged or destroyed with the approval of the Board of Trustees. EC 44.031h

B. Contracting Dollar Ranges

1. Contracts for real property with an annual aggregate value between \$10,000 - \$25,000 (computers \$10,000 - \$15,000). EC 44.033; 44.031k
 - a. A vendor list is established by the District with the names of all vendors interested in doing business with the District. EC 44.033b
 - b. Categories of personal property are established and vendors are listed in these categories. EC 44.033b
 - c. An advertisement for interested vendors is run annually for two successive issues in a newspaper for the county in which the school district's central office is located. EC 44.033b
 - d. Purchases above \$10,000 but less than \$25,000 in the aggregate will be made by asking for quotations from at least three vendors on vendor list. EC 44.033c
 - e. Quotations may be in writing or by telephone. EC 44.033c
 - f. The District is responsible for keeping a written record of these quotations for audit purposes. EC 44.033c
2. Contracts for all goods and services with an annual aggregate value above \$25,000.
 - a. Exceptions:
 - 1.) Computers and peripheral attachments with an annual aggregate value above \$15,000, EC 44.031k
 - 2.) School buses with an annual aggregate value above \$20,000 EC 44.0311
 - b. These contracts must be preceded by a competitive pricing mechanism.
 - 1.) Bids
 - 2.) Sealed proposals for construction
 - 3.) Requests for proposals (received the same way as bids)
 - 4.) Texas Building and Procurement Commission contracts
 - 5.) Texas Catalogue Information Systems Vendor quotations.
 - a.) Vendors must be CISV qualified by the TBPC.
 - b.) Purchases must be supported by three proposals or quotes.
 - 6.) An inter-local agreement based on bids or proposals. EC Section 44, Subchapter B
 - 7.) Reverse auction procedure. EC 44.031
 - 8.) Design build method
 - 9.) Job order contracts method
 - 10.) Construction manager method
 - 11.) Political subdivision compensation for electricity purchases
 - c. Notice is required for bids and requests for proposal:
 - 1.) To be published once a week for at least two weeks prior to the deadline for receiving responses.
 - 2.) In a newspaper for the county in which the school district's central office is located. EC 44.031g
3. Political subdivision corporations may be used in lieu of competitive pricing mechanisms for the purchase of electricity. LGC 304.001
 - a. The Board of Trustees must pass a resolution to accept the by-laws of the corporation.

C. Emergency Purchases

Emergency purchases shall be made in conformance with paragraph (h) Section 44.031 Education Code that states:

*Text of subsec. (h) as amended by Acts
1999, 76th Leg. ch. 922*

"If a school equipment, a school facility, or a portion of a school facility is destroyed, severely damaged, or experiences a major unforeseen operational or structural failure, and the board of trustees determines that the delay posed by the contract methods required by this section would prevent or substantially impair the conduct of classes or other essential school activities, then the contracts for replacement or repair of the equipment, school facility, or portion of the school facility may be made by a method other than the methods required by this section."

*Text of subsec. (h) as amended by Acts
1999, 76th Leg. ch. 1225*

"If a school equipment or a part of a school facility, or personal property is destroyed or severely damaged or, as a result of an unforeseen catastrophe or emergency, undergoes major operational or structural failure, and the board of trustees determines that the delay posed by the methods provided for in this section would prevent or substantially impair the conduct of classes or other essential school activities, then contracts for the replacement or repair of the equipment or the part of the school facility may be made by methods other than those required by this section."

D. Awarding Contracts

1. Costs
 - a. Purchase price
 - b. Long term costs (service, supplies, maintenance, etc.)
2. Product or services
 - a. Quality
 - b. Extent to which the good or service meets District needs
3. Vendor
 - a. Reputation
 - b. Safety record LGC 271.0275
 - c. Past relationship with the district
 - d. Historically Under Utilized Business (HUB) status
4. Any other relevant factor specifically listed in the request for proposals or bids. EC 44.031b

E. Enforcement

1. District staff members commit a criminal offense if they make or authorize separate, sequential, or component purchases to avoid using competitive pricing mechanisms when required. EC 44.032b
2. District staff members commit a criminal offense if they fail to use competitive pricing mechanisms when required or award contracts for reasons other than those cited. EC 44.032c
3. Conviction of an offense results in an individual's:
 - a. Immediate removal from office,
 - b. Inability to serve in any public office in Texas for four years, and
 - c. Ineligibility to receive any compensation through state or a political subdivision of the state. EC 44.032e
 - d. This is a Class B misdemeanor involving moral turpitude. EC 44.032b

F. Personal Property and Services Notes

1. Bid and proposal openings shall be at public meetings of the Board of Trustees or by an officer of the District in a District office. LGC 271.026a
2. A bidder may withdraw a bid due to a material mistake in the bid. LGC 271.026b
3. Bids may not be changed for the purpose of correcting errors after they have been opened. LGC 271.026a
4. The governmental entity has the right to reject any and all bids. LGC 271.027a
5. Contract Length
 - a. Contracts obligate current District revenue only for the year in which they are awarded.
 - b. Multi-year agreements are permissible if they contain:
 - 1.) The right of the Board to terminate the contract at the end of each budget period, or
 - 2.) An appropriate funding-out clause to allow termination should funds become unavailable to pay for the contract. LGC 271.903
6. Payment
 - a. Payment for goods and services received and invoiced is due thirty days after the completion of the contract or receipt of the invoice.
 - b. For each month or part the payment is late, the vendor has the right to **1%** interest on the unpaid balance. GC2251.021, .025, .029
7. Tie Bids
 - a. If the District receives two or more low bids that are identical, the selection of the winner shall be by the casting of lots.
 - b. If only one of the bidders submitting identical bids is a resident of the District, that vendor will receive the award. LGC 271.901

8. Non-resident bidders must underbid resident bidders by not less than an amount (percentage) by which a resident vendor would be required to underbid in the non-resident bidder's state (reciprocity). GC 2252.001; 2252.002
9. Single proprietorships and partnerships where an owner or operator of the business has been convicted of a felony cannot contract with a school district. EC 22.083
10. Inter-local Agreements between school districts, other local governments, and state agencies for the purchase of goods and services satisfies the requirement that contracts be preceded by a competitive pricing mechanism. GC 791.025 b, c
11. Texas Building and Procurement Commission may provide and the District may use state contract prices and vendors to satisfy the requirement that contracts be preceded by a competitive pricing mechanism. LGC 271.082
12. Purchasing Cooperatives
 - a. Cooperatives may be established by school districts, regional education service centers, county departments of education, and other local governments to pool goods and services needs in order to obtain optimal pricing.
 - b. The Board of Trustees must approve a contract with the governmental unit operating the cooperative designating a person to act for the District in all matters pertaining to the cooperative.
 - c. The governmental unit operating the cooperative may collect fees from the participating districts or governments to cover the cost of operating the cooperative. LGC 271.082 b
13. Child Nutrition purchases for personal property exceeding \$25,000 must utilize a bid, proposal, state or federal contract, cooperative purchasing agreement, or inter-local purchasing arrangement due to federal school Lunch program requirements. (Federal law sets \$100,000 as the minimum, but requires meeting state statutes.)
14. The Board of Trustees may not purchase milk or milk products imported from outside the United States. H&SC 435.021
15. The Board of Trustees may not purchase beef and beef products imported from outside the United States. AC 150.012

G. Construction

1. The school district must employ an architect to prepare plans and specifications for:
 - a. New construction where costs exceed \$100,000.
 - b. Building renovations where costs exceed \$50,000. Art 249a, Sec. 16, V.A.T.S.
2. The school district must employ a registered engineer:
 - a. To prepare structural, electrical, and mechanical engineering plans for construction projects with an estimated cost exceeding \$8,000.
 - b. To supervise construction not involving structural, electrical, and mechanical engineering when the estimated cost exceeds \$20,000. Art 3271a, Sec. 19, V.A.T.S.
3. Procedure for acquiring professional services:
 - a. Select the most highly qualified provider on the basis of competence and qualifications.
 - b. Attempt to negotiate a contract with the best provider at a fair and reasonable price.
 - c. If a contract cannot be negotiated, consider the next best provider and attempt to negotiate a contract. GC 2254.004
4. Payment and Performance Bonds
 - a. For construction projects in excess of \$100,000, the District shall require a performance bond in the amount of the contract. GC 2253.021 a, b
 - b. For construction contracts in excess of \$25,000, the District may require a payment bond in the amount of the contract solely to protect vendors and subcontractors supplying labor or materials. GC 2253.021 a, c
 - c. If the District does not obtain bond coverage it has the same liability as a surety. GC 2253.027
5. School districts must pay the prevailing wage to all workers on public works contracts
 - a. The Board of Trustees is responsible for establishing wage rates by:
 - 1.) Conducting a survey of local wage rates or
 - 2.) Using data from the federal Department of Labor.
 - b. Contractors and subcontractors must also pay this rate.
 - c. Complaints from laborers shall be received by the Board and acted on within 30 days.

- d. If violations have occurred the Board may assess the contractor penalties to reimburse affected workers. GC 2258.021, .022, .023, .052d
- 6. The District must include a requirement for all contractors to provide all workers providing services to construction project appropriate workers' compensation coverage. 28 TAC 110.110 (c) (7)

H. Construction Bids & Requests for Proposals

- 1. The Board of Trustees considering a construction contract, must first determine which competitive procurement method will be used in awarding the project. EC 44.035 (a)
- 2. In publishing the requests for bids or proposals, the District will note in the request document the criteria and weights that will be used to evaluate the offers received. EC 44.035 (b)
- 3. The evaluation for the selection for a construction services contract must be documented and made public by the seventh day after the contract is awarded. EC 44.035 (c)
- 4. Bids for Contractors
 - a. The District may use competitive bids to select a contractor for construction and renovation projects.
 - b. Procedures for bidding shall meet the requirements previously presented. EC 44.040
- 5. Proposals for Contractors
 - a. The District may use a request for proposals to select a contractor for construction and renovation projects.
 - b. Proposals for construction services are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.039
 - c. The District may discuss each vendor's proposal with that vendor to clarify and modify the original proposal.
 - d. Procedures:
 - 1.) Architect or engineer prepares construction documents.
 - 2.) The District will contract independently for inspection, testing and verification services.
 - 3.) The District will prepare an RFP that includes construction documents, selection criteria, estimated budget, project scope, and schedules.
 - 4.) Advertising and opening of proposals shall meet requirements previously noted.
 - 5.) Proposals must be evaluated and ranked within 45 days of opening.
 - 6.) Negotiations begin with the vendor making the best offer and if not successful, be ended in writing before proceeding to the next vendor.
 - 7.) Selection of a contractor shall be based on the best value for the District. EC 44.039
- 6. Proposals for Design Build Contracts
 - a. The District may use a design-build contract to select a contractor for construction and renovation projects.
 - b. Proposals for a design-build contract are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.036
 - c. Procedures:
 - 1.) Architect or engineer prepares construction documents.
 - 2.) The District will contract independently for inspection, testing and verification services.
 - 3.) The District will prepare an RFP that includes general information on the project site, project scope, budget, special systems and selection criteria.
 - 4.) Advertising and opening of proposals shall meet requirements previously noted.
 - 5.) Evaluation of proposals is in two steps:
 - a.) Rate the companies proposing based on experience and qualifications.
 - b.) Rate finalists on safety, long-term project durability, methods to establish costs, and construction schedules.
 - 6.) Select a firm and have project specifications developed.
 - 7.) The design-build firm will supply the District with a set of signed and sealed construction plans at the end of construction. EC44.036
- 7. Proposals for a Construction Manager/Agent
 - a. The District may contract a consultant or construction manager/agent to oversee construction and renovation projects.
 - b. Procedures:
 - 1.) Architect or engineer prepares construction documents.

- 2.) The District selects the most highly qualified manager/agent on the basis of competence and qualifications.
 - 3.) Attempt to negotiate a contract with the best manager/agent at a fair and reasonable price.
 - 4.) If a contract cannot be negotiated, move to the next best manager/agent and attempt to negotiate a contract.
 - 5.) Once the agent is selected, the District shall then procure a general contractor, trade contractors, and sub-contractors through the use of bids or requests for proposal.
 - 6.) The District or manager/agent will procure all independent inspection, testing and verification services. EC 44.037
8. Proposals for a Construction Manager-At-Risk
- a. The District may contract a manager-at-risk to oversee construction and renovation projects.
 - b. Proposals for a manager-at-risk contract are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.038
 - c. Procedures:
 - 1.) Architect or engineer prepares construction documents.
 - 2.) The District will contract independently for inspection, testing and verification services.
 - 3.) The District will prepare a request for proposal that includes general information on the project site, project scope, budget, special systems and selection criteria.
 - 4.) The request for proposal may request the manager's proposed fee and other costs separately if a two-step qualification process is used.
 - 5.) All proposals must be evaluated and ranked within 45 days of opening.
 - 6.) Attempt to negotiate a contract with the best manager at a fair and reasonable price.
 - 7.) If a contract cannot be negotiated; the District must end negotiations in writing and then consider the next best manager and attempt to negotiate a contract.
 - 8.) The selected manager shall then procure trade contractors and sub-contractors through the use of bid or requests for proposal. A construction manager-at-risk shall publicly advertise, in accordance with Section 44.031(g), and receive bids or proposals from trade contractors or subcontractors for the performance of all major elements of the work other than the minor work that may be included in the general conditions.
 - 9.) The selected manager may submit his own bid or proposal for portions of the project.
 - 10.) The manager and a District representative will open all trade contractor and sub-contractor bids or proposals in a manner that does not disclose the contents of the bid or proposal during the selection process.
 - 11.) All bids and proposals shall be made public within seven days after the final selection is made.
 - 12.) If the manager recommends a bid or proposal and the District requires the use of another trade or sub-contractor, the District must compensate the manager for any additional cost incurred by the manager as a result of the District's action. EC 44.038
9. Job Order Contracts
- a. The District may award job order contracts for repair and renovation work.
 - 1.) Proposals for a job order contracts are characterized as sealed proposals and may not be reviewed by other parties in the proposal process. EC 44.035
 - 2.) Advertising and opening of proposals shall meet requirements previously noted.
 - 3.) Proposals must be evaluated and ranked within 45 days of opening.
 - b. The District selects the manager that offers the best value to the District based on selection criteria in the request for proposal.
 - c. Advertising and opening of proposals shall meet requirements previously noted.
 - d. The District may award job order contracts to one or more vendors.
 - e. The job order for a specific project must be signed by a District representative and the contractor.
 - f. Indicated costs may be a fixed price, a negotiated lump sum, or unit based on estimated quantities. EC 44.041

I. Lease Purchase of Real Property

1. The Board of Trustees may approve a contract for the lease purchase of buildings and other renovations provided:
 - a. The public is given 60 days printed notice.

- b. If five percent of the registered voters approve a petition for a referendum on the proposed contract the matter must then be approved by a majority of District voters at a referendum.
- c. The contract is submitted to the Attorney General for approval. LGC 271.004

J. Construction Notes

- 1. All new construction must meet educational adequacy standards and construction quality standards as set by the State Board of Education. (Renovations need only meet construction quality standards.) (EC 42.352; 19 TAC 61.11)
- 2. All specifications for new construction and major renovations must be based on the requirements of the District’s educational program. 19 TAC 61.13
- 3. Construction quality is established by adoption of the City of Iraan (and community of Sheffield?) Building Codes.
 - a. A plan review will be conducted by a certified building code consultant for all project specifications prior soliciting bids and proposals.
 - b. Any conditions not conforming to the code must be revised in the plans and specifications. 19 TAC 61.1034 b
- 4. Americans With Disabilities Act standards will be applied to all new construction and renovations. 28 CFR 35.151; 34 CFR 104.23 (Federal)
- 5. Playground equipment and surfacing purchased after September 1, 1997 must comply with the provisions in the *Handbook for Public Playground Safety*. H&SC 756.061

K. Law Code Abbreviations

- EC - Education Code
- GC - Government Code
- LGC - Local Government Code
- H&SC - Health and Safety Code
- AC - Agriculture Code
- TAC - Texas Administrative Code
- PC - Penal Code
- V.A.T.S. - Vernon’s Annotated Texas Statutes

V. LEGAL ASPECTS

Every Administrator should have sufficient knowledge of the law to enable him to understand the relationship between himself and the District, and the legal consequences of the acts that he performs in the District's name. With knowledge of the legal fundamentals of purchasing, you will be better equipped to recognize the need for legal guidance and seek it when necessary.

A. Law of Warranty

Warranties are of two sorts, expressed and implied. An expressed warranty is one that is defined and negotiated into a mutually satisfactory contract between the buyer and supplier. In the absence of expressed warranties of quality, fitness, or performance of product, if the buyer makes known to the seller the particular purpose for which the supplies or equipment are required, relying on the seller's judgment and skill, there is an implied warranty that the goods shall be reasonably fit for that purpose. The inclusion of an expressed warranty covering any of these points renders the implied warranty void, since the latter cannot exist when the supplier expressly guarantees his merchandise. The purchaser is under obligation to take action as soon as a deficiency of goods, or a breach of warranty, is determined.

B. Law of Patents

A patent is a monopoly created by law. A person or company may be liable for infringement of a patent if he uses it, or if he makes it for his own use, or if he purchases and resells an infringement device, although the purchase is made in the belief that the seller had a license from the patentee to sell or use the device. The owner of a valid patent is privileged to sue for infringement the manufacturer, the seller, or the user of the invention, or all of them.

C. The Uniform Commercial Code

The single most comprehensive codification of the broad spectrum of laws involved in a total commercial transaction. The code attempts to provide a consistent and integrated framework of rules to deal with all phases ordinarily arising in a commercial sales transaction from start to finish.

D. Title and Control of Goods

Methods for passing title and control of goods:

1. F.O.B. Point of Origin, Freight Collect: buyer assumes risk of transportation and buyer assumes title the moment the carrier signs the bill of lading; buyer bears and pays freight charges.
2. F.O.B. Point of Origin, Freight Prepaid: buyer assumes risk of transportation and buyer assumes title the moment the carrier signs the bill of lading; seller pays and bears freight charges.
3. F.O.B. Point of Origin, Freight Prepaid & Charged Back: buyer assumes risk of transportation and buyer assumes title the moment the carrier signs the bill of lading; seller pays and invoices buyer for freight charges.
4. F.O.B. Destination, Freight Collect: seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery and ownership by the buyer; buyer pays and bears the freight charges.
5. F.O.B. Destination, Freight Prepaid: seller retains title and control of goods and selects the carrier and is responsible for the risk of transportation; title passes to buyer upon delivery and ownership by the buyer; seller pays and bears the freight charges.

District standard terms are F.O.B. Destination, Freight Prepaid. (This is the best method to use.)

VI. CONTRACTS/COMMON LAW

1. A District Purchase Order is an offer. A contract is created between the District and the vendor only when the vendor accepts the terms of the Purchase Order by causing the goods or services requested on the order to be delivered. In other words, the District's offer (Purchase Order) is a presentation to the vendor of what the District requirements from the vendor are and under what conditions (terms). Purchase Orders provide a uniform way for the District to make offers to vendors with all terms in writing. This is why it is critical to the purchasing process that the school or departments receiving the goods or services immediately compare the delivery of same with the Purchase Order. If the vendor has altered the terms of the Purchase Order to the point where the recipient is dissatisfied, then a possible breach of the contract has occurred. In such a situation, the Business Office should be notified at once.
2. In the case of bids and request for proposals (all types), a different set of circumstances exists. Here, the offer is the vendor's bid or proposal. This is the vendor's offer to the District of what the vendor will sell the District and under what terms. The acceptance of an offer occurs when the Board of Trustees awards a bid or selects a proposal. (Note: the vendor may withdraw his offer [bid/proposal] at any time up until the offer is accepted [award made] by the Board.)
3. A contract is created between the District and the vendor after the bid is accepted by the Board of Trustees at which time the purchase order becomes the contract.
4. In addition to the issuance of a purchase order on work involving construction, repairs, renovation and maintenance of buildings, a separate contract document may be required. This contract shall be formulated as required to cover the project parameters and work to be accomplished. The Business Manager and/or Superintendent must sign this contract.

VIII. ISISD PURCHASING GUIDELINES

A. Purchases

Board Policy, State and Federal laws mandate that all purchases made by Iraan-Sheffield I.S.D. must be in compliance with bid laws. Since the majority of items and services purchased by the district are required to be bid, the purchases must be made from vendors who have been awarded contracts for these items and/or services. The Business Office sends memorandums and bid books, at various times during the school year, with information about the different annual contracts for items and/or services that require bids to each principal and budget manager. This information contains the vendors who have been awarded the bids along with their terms and conditions.

B. Quotation Threshold

The district has a quotation threshold for purchases of \$2,000 or more. This means that any order that is \$2,000 or more, that has not been bid, will need to have as a minimum three formal quotes attached to the order before it can be processed, or a very clear description of the items and/or services being requested so that the Business Office can obtain the quotations. Please note that since these are formal quotes they will need to have a signature from the company representative who is providing you with the quotation. The exceptions to this would be professional services, sole source purchases and items purchased from a bid.

All formal quotations should be sent to the Business Office fax machine directly from the vendors. The fax number is (432) 639-2501. When requesting formal quotations from vendors, please send a copy of your request to the Business Office and a list of all companies receiving the request. Please provide the name of the contact person at your location and their phone number to notify when all quotations have been received.

Please be sure to include in your request for formal quotations a cut-off date and time, necessary specifications for product or service, quantities, delivery site and instructions, the length of time the quotation is good for, as well as the name and number of a person to call if the vendor has questions concerning your request. Also, if the item is needed by a specific date, this should be included in your request.

After the cut-off date the Business Office will notify the contact person listed that the quotations are all in. He or she may request a copy be mailed inter-office, or may pick up a copy of the quotations from all vendors.

After evaluating the quotations the originator will complete the purchase order. If you are not ordering from the lowest bidder you must attach a justification when sending in your purchase order.

C. Direct Pay Request

Reimbursements made from a "Direct Pay Request" are for cash purchases made with prior approval of the principal/budget manager and meeting the requirements listed below. Reimbursements from a "Direct Pay Request" are allowed for goods or services: that are not required to be bid, being purchased from a current bid award at the same terms, that do not exceed \$500 or that have been specifically authorized by the Business Manager and/or Superintendent . A tax exemption form, available from the principal or budget manager, must be presented to the vendor at the time of the purchase. ISISD does not reimburse for state sales tax. Refer to Accounts Payable Section for instructions on how to process a Direct Pay Request.

D. Spot Purchases

Principals and budget managers have the authorization to make spot purchases of \$100 or less. A spot purchase is a one time purchase occasioned by a small requirement, an unusual circumstance, or to take advantage of a favorable market condition. The spot purchases will be handled the same way as a "Direct Pay Request" with the exception being that the Business Office will not have to approve these. A tax exemption form, available from the principal or budget manager, must be presented to the vendor at the time of the purchase. ISISD does not reimburse for state sales tax.

E. Cooperative Bids and other Purchasing Information

There are many cooperative bids available that the district can use in place of our district bids. Questions concerning cooperative bids that are available and/or any purchasing related questions may be directed to the Business Office. More detailed information is available from the Business Office for anyone who may be interested in purchasing from a cooperative.

F. Annual Aggregate Category Dates

1. The District establishes the twelve-month period to comply with annual aggregate value of a category of goods or services to run from September 1 to August 31 of the following year.

2. For item categories that exceed \$25,000 during this date range, a competitive pricing mechanism will be employed to select a contractor to supply the goods or services requested.

G. Purchase of Computer Hardware/Software/Supplies

1. If you plan to purchase a computer or computer hardware, contact the Technology Department and use the approved vendor.
2. Before any computer equipment, software, and/or supplies may be ordered the purchase order requisition form must be completed and signed by the Technology Director or Business Manager and/or Superintendent.

H. Procedure for Using Catalogue Information Systems Vendors

1. The vendor must be identified as a C.I.S.V.:
 - a. The vendor will provide a copy of the letter certifying that the company is a C.I.S.V.
 - b. A requestor can access C.I.S.V. files at the Texas Building and Procurement Commission web site at www.tbpc.state.tx.us/stpurch/cisv.html
 - c. The C.I.S.V. identification number must be entered on the requisition as a line item below your order. (Example: Clark Technology #1-76-025-3256-000.)
2. The vendor must have a catalogue containing the items to be purchased that can be accessed on the Internet. The catalogue may be located when accessing the C.I.S.V. vendor files through the link to the vendor's web site.
3. If the purchase is for more than \$2000, you must quote **two** other C.I.S.V. vendors. Written proof of these quotations must be attached to your purchase order/requisition.

I. Record Keeping

Maintaining purchase files (requisitions, bids quotations, advertisements, and purchase orders). These and other records shall be retained for seven (7) years subsequent to the close of the program.

J. Open Records

The Iraan-Sheffield Independent School District complies with Open Records statutes as outlined in Title 110A Article 5252-17a, of the Revised Civil Statutes of the State of Texas. Special attention is called to Section 3(a) (4) which states the following exceptions to open records: "Information which, if released, would give advantage to competitors or bidders."

VIII. UNAUTHORIZED CHARGES/PURCHASES

1. Any commitment to acquire goods or services from budgeted funds prior to securing a bonified purchase order or without prior approval from the Business Manager and/or Superintendent is prohibited. Anyone creating or authorizing such a commitment prior to securing a purchase order or obtaining authorization may be personally liable for payment of such agreement.
2. The only official authorized to obligate or commit the district involving the acquisition of goods or services from budgetary funds is the Business Manager and/or Superintendent.
3. All exceptions to this policy are to be made in writing by the Business Manager or the Superintendent of Schools.
4. No purchases of \$500 or greater are authorized without issuance of a Purchase Order or authorization from the Business Office, and payment will not be made for such purchases.
5. Anyone creating or authorizing such a commitment prior to securing a purchase order will be held personally liable for payment of such agreement and/or may be liable to prosecution under the Texas Penal Code Chapter 39 Abuse of Office, Section 39.01.
6. No goods or services are to be ordered or repairs made without a Purchase Order (P.O.) number having been issued prior to placing the order with the vendor. The individual placing an order without a P.O. number will be responsible for payment of the invoice.

IX. PURCHASES FOR INDIVIDUALS

Any commitment to acquire goods or services in the name of the Iraan-Sheffield Independent School District for personal use or ownership is prohibited. Any individual making such a commitment may be liable to prosecution under the Texas Penal Code Chapter 39, Abuse of Office, and Section 39.01.

X. TAX EXEMPTION

1. The Iraan-Sheffield Independent School District is exempt from payment of taxes under Chapter 20, Title 122A, Article 20.04. Revised Civil Statutes of Texas, for the purchase of tangible personal property.
2. The District is exempt from sales tax because it is a public, free school, is tax supported, and operated under the Texas Education Agency.
3. Any use of the District's tax exemption certificate for personal purchase is prohibited. Anyone using the District's tax exemption certificate for personal purchases may be liable to prosecution under the Texas Penal Code, Chapter 39, Abuse of Office, Section 39.01.
4. All purchase orders notify vendors of the District's tax-exempt status. When placing a confirming purchase order with a vendor, the school or department should indicate to the vendor that the District holds this exempt status and should not be charged tax.
5. The Texas Sales Tax Exemption Certificate may be requested from the Controller's Office or the Business Office.

XI. SEALED BIDS OR SEALED REQUESTS FOR PROPOSALS

The purpose and intent of competitive bidding is to help public schools secure the best work and materials at the lowest practical prices by stimulating competition. If a district advertises purchasing needs relating to large expenditures, then economies of scale – purchasing in large quantities – will probably result in lower costs either per unit item or in the aggregate. Another reason for competitive bidding – it's an open process.

The purpose and intent of competitive bidding laws were defined in Sterrett v. Bell, as follows:

- “Gives opportunity to bid...on the same undertaking...upon the same thing;”
- “Requires all bidders be placed upon the same plane of equality...each bid; upon the same terms and conditions;”
- “Stimulates competition and prevents favoritism;” and
- “Secures the best work and materials at the lowest practical price.”

A. Requests by Departments for Bids/RFPs

1. When the actual cost of acquiring personal property or the commodity category of the District is \$25,000 or greater, the requesting department is to follow the procedures as listed below:
 - a. Submit a bid item requisition and or requisitions from the requesting department to the Business Office via the other levels of approval (if required).
 - b. The requisition should include the following:
 - 1.) Name of items being requested.
 - 2.) A complete list of all items being proposed for purchase
SPECIAL NOTE: The description of items specified should be detailed enough to identify any catalog brand name, or manufacturer's reference number.
 - 3.) Exact number of items needed.
 - 4.) Any special conditions required, i.e. items need to be installed and in complete operating condition.
 - 5.) A list of any vendors who are suppliers or potential suppliers of the items being requested that you would like bids mailed to and their complete mailing addresses.
 - 6.) The budget code from which this purchase once approved will be encumbered and paid from.
 - 7.) Any additional information that is necessary to successfully advertise for bids according to specifications. (Example: Color, installation, etc.)
 - c. The requesting department shall be responsible for making all recommendations for purchase of bid items once bid tabulations have been concluded. Whenever the lowest bid price is not recommended, the requesting department shall provide written justification for such recommendations.
 - d. The Business Office has the ultimate authority to amend, accept, or reject all or part of the bid specifications as introduced by the requesting department.
 - e. All bid requests or proposals are to be coordinated through the Business Office and regulated by the Deadline Date Schedule for Submitting Bid Requests or Proposals to the Board of

Trustees. This schedule is available to schools and departments prior to the beginning of each new school year.

B. Specifications

Preparation of specifications shall be the responsibility of the requesting school or department. The responsibility of the Business Office is to review the specifications to ascertain whether competitive bids/proposals can be obtained and assure that Board policies and state laws are followed regarding the purchase.

Specifications must contain adequate technical descriptions to clearly identify for prospective bidders the type of material, equipment, or services required. In addition to the detailed specifications, brand names, model numbers, and like descriptions may be referred to as product meeting specifications to inform prospective bidders of the type of quality required. Descriptions must include quantitative data such as size, weight, or volume and qualitative data such as commercial grade, texture, finish, strength, chemical analysis, or composition where possible.

All bids will carry descriptive specifications when possible.

1. Properly executed purchase orders and/or requisitions must include adequate descriptive information of the goods or services required.
2. Such descriptive information must be specific, but not so as to prevent competitive bidding on comparable items, if necessary.
3. Many items can be adequately described by giving the name of the item its basic minimum features that you will require and a typical, acceptable brand and model number.
4. Detailed supplemental specifications may be required to fully describe the features and/or requirements of the items or services required.
5. General description should outline the minimal requirements or features.
6. Regardless of the descriptive information, alternate bids or substitute items may be considered for purchase or award if it is determined to be in the best interest of the District.
7. The use of any brand name or manufacturer's reference in a bid is descriptive, not restrictive, and is to indicate the type and quality of items desired.
8. The user department is responsible for the development of specifications in bids. However, these specifications are subject to review by the Business Manager and/or Superintendent.
9. A good specification should do four things:
 - a. Identify minimum requirements. (Define the quality or standards of products or services.)
 - b. Allow for a competitive bid. (Include sufficient descriptive information to insure that all bidders have equal opportunity to bid on comparable products or services.)
 - c. List reproducible test methods to be used in testing for compliance with specifications.
 - d. Provide for an equitable award at lowest possible cost.
10. Sources available for developing specifications:
 - a. Product literature
 - b. Other users
 - c. Vendors
 - d. Business Office

C. Opening Sealed Bids/RFPs

1. All sealed bids/proposals shall be received in the Business Office where they will be opened publicly on the date and at the time advertised. The Business Manager and/or Superintendent shall open bids.
2. The closing time for sealed bids is final. Bids received after the closing time will not be opened or considered.
3. Submitted bids are final and may not be altered. Vendors may however, submit sealed alternate bids before the closing time to substitute prices on their formal bid, in which case only the substitute will be considered.
4. No bid can be withdrawn after opening without approval of the Business Manager and/or Superintendent based upon a written acceptable reason.

5. Withdrawal of a bid or failure to honor a bid may result in the deletion of the company from future bid requests.
6. Bids will not be considered unless they are manually signed by an authorized representative of the company.
7. All accepted bids will be tabulated and awarded as provided under Approval/Awarding of Bids.
8. After the bids have been opened and tabulated they will be available for those interested to copy and study. They shall not, however, be removed from the Business Office.
9. If no acceptable bids are received, the proposed acquisition will be re-advertised seeking an acceptable bid.

D. Approval Awarding of Bids/RFPs

1. Approval for all purchases and contracts valued at \$25,000 or over shall be made by the Board of Trustees.
2. Administrative action may be taken on purchases of capital items, supplies and services under \$25,000 by the administrative purchasing committee.
3. The Administrative purchasing committee is made up of the following: the Superintendent, Business Manager, and the head of the department concerned with the proposed purchase.
4. If circumstances warrant, Board consideration of any purchase may be requested.
5. Proposed emergency purchases shall be submitted to the Board of Trustees for approval prior to making any commitments (also see Emergency Purchases).
6. The lowest and best bid from a responsible bidder that meets the requirements of the District shall be recommended for purchase.
7. The user department shall be responsible for making recommendations for purchase of bid items. Whenever the lowest bid price is not recommended the user department shall provide written justification for such recommendations.
8. The recommendations for purchase shall include an assessment of these considerations: individual item price, total price of items, life cycle cost, delivery dates, terms, location of the vendor, quality of materials, safety, past performance of goods and vendor, transportation charges, good business practices, and conformance to appropriate Local, State, and Federal Ordinances, Statutes and Regulations.
9. Upon receipt of recommendations from the user department and the Principal or Director, the Business Manager shall present all recommendations for purchase to the Superintendent and the Board of Trustees.
10. Bids awarded by the Board of Trustees may be extended for additional purchases without additional Board consideration provided that:
 - a. The prices, terms, and conditions of the original bid remain firm.
 - b. The extended bids do not total more than 25% of the original bid award, the original bid had provisions for additional purchases, and all legal requirements are fulfilled.

E. Performance and Payment Bonds/Good Faith Deposits

1. Non-construction purchases:
 - a. Performance and payment bonds MAY BE required when deemed necessary on purchases.
 - b. Payment and performance bonds WILL BE furnished as required by law. (GC 2253.021 a, b, c)
 - c. Good faith deposits in the form of a cashier's check or bid bond in the amount of 10% of the bid may be required when deemed necessary.

F. Reasons for Denial of Receiving Requests for Bids or Quotations

1. A vendor may be denied the opportunity to receive bids or quotations for these reasons:
 - a. Previous failure to honor a bid or quotation.
 - b. Unusual delays in delivery of previous awards.
 - c. Repetitive failure to respond to requests for bids or quotations.
 - d. Unauthorized substitution of merchandise in other awards.
 - e. Previous failure to perform service satisfactorily.
 - f. Discrimination against an employee or applicant in regards to race, religion color sex, or national origin.

2. The decision to deny a vendor the opportunity to receive bids or quotations shall be made by the Business Manager and/or Superintendent. (The Business Office must have written documentation for support prior to denying any vendor the opportunity to receive bids or quotations.)
3. Any vendor protesting the denial to receive bids or quotations shall follow these procedures:
 - a. Make a written request to the Principal/Director, showing cause to receive requests for bids and request an audience to discuss the matter.
 - b. If the request is again denied by the Principal/Director, the vendor may request an audience with the Business Manager and/or Superintendent to appeal the decision, and the meeting will be arranged by the Business Manager and/or Superintendent.
 - c. If the request is further denied by the Business Manager and/or Superintendent, the vendor may appeal the decision to the Superintendent and the Board of Trustees. The Superintendent shall place the item on the Board of Trustees regular meeting agenda.

G. Receiving Requests for Bids or Quotations

1. Bids shall be sought from sources able to offer the best prices consistent with quality, delivery, and service.
2. No employee of the District or school board member shall receive requests for bids, quotations, or conduct business for the District in any manner other than that necessitated by their assigned or elected responsibilities.
3. All vendors receiving sealed bids or quotations must be responsible and possess the ability to perform the contract according to its terms. A responsible vendor must exhibit adequate financial standing, reputation, experience, resources, facilities, judgment and efficiency. Additionally, vendors must not discriminate against any employee or applicant in regards to race, religion, color, sex, or national origin.

H. Bid Related Categories

The following is a partial list of bid related categories to be used as a guide to determine bidding requirements. Districts shall add to this list as aggregate dollars of products exceed the bid limit. This list is non-inclusive. Note: Items in the supplies and materials sub-categories or within each equipment/non-consumable category listed below must be considered as an aggregate purchase if available from a single vendor; however, bids may be split into seasonal purchases.

Commodity Categories/Sub-Categories

Athletics

Athletic/Trainer Supplies

Sports and Supplies (i.e., Basketball, Cross Country, Football, Golf, Tennis, Track)
Uniforms.

Athletic Equipment/Non-Consumables

Custodial

Chemicals/Janitorial Supplies/Paper Products/Can Liners/Contracted Services

Custodial Equipment/Non-Consumables

Commodity Categories/Sub-Categories (Continued):

Food Service

Bread
Dry Goods, Canned and Frozen Foods
Fresh Meat and Poultry
Milk
Non-Food Supplies

Food Service Equipment/Non-Consumables

Instructional/General - Capital Equipment

Art Equipment
Audio Visual Equipment
Musical Instruments
Computers/Hardware and Software
Copy Machines

Instructional Furniture
Library Furniture
Office Equipment
Office Furniture
Playground Equipment
Science Equipment
Telephone Equipment

Instructional/General - Supplies

Art Supplies
Dictionaries
Duplicating Paper
Industrial Gases
Instructional Teaching Aids/Supplies
Library Books/Periodicals/Related Services
Maps and Globes
Nursing Supplies
Office Supplies
Physical Education Supplies
Science Supplies

Maintenance

Electrical Supplies/Parts
Freon
Ground Maintenance Supplies (Fertilizer, Mulch, Etc.)
HVAC Supplies/Parts
Lumber and Related Building Materials
Paint
Plumbing Supplies/Parts
Roofing Supplies

Maintenance Equipment/Non-Consumables

Transportation

Automotive Parts and Supplies
Gasoline/Diesel
Lubricants/Oils

Transportation Equipment/Non-Consumables

Buses (Lease/Rent/Lease Purchase/Buy)
Capital Equipment
Storage Tanks
Vehicles, Trucks and Vans

Miscellaneous

Bank Depository

Printed Forms

I. Vendor List

1. The Business Office maintains a vendor list for bids and quotations. The list is based on categories derived from goods or services for which the District has taken bids or intends to take bids. A vendor may request to be placed on the purchasing vendor list in one of the following ways:
 - a. The vendor mails a letter to the Business Office on the company's letterhead indicating the goods or services offered, company address, telephone number, and sales representative.
 - b. A sales representative visits the Business Office in person informing an employee he would like to be placed on the Business Office vendor list and leaves a business card.
2. Bid packages are mailed to vendors registered on the computerized bid list on or before the date that notice of the bid opening is published.
3. A vendor may be removed from the vendor bid list by failing to respond to three consecutive bids, failing to update addresses and telephone numbers, withdrawing a bid, failing to honor a bid, failing to honor contracts or warranties, or making false or misleading statements (written or oral)

during any business negotiation with the District. Once removed, a vendor will not be reinstated on the bid list until he can demonstrate that any past problems have been corrected and his organization can meet all bidding requirements.

J. Quotations

(Refer to Purchasing Guidelines, B. Quotation Threshold for more detailed information.)

1. The term quotation is used to identify the task of securing pricing information from a vendor for goods or services.
 - a. District policy requires that written quotations must be requested from vendors for one-time purchases between \$2,000 and 10,000.
 - b. Formal written quotations are required for purchases between \$10,000 and \$25,000 in the aggregate during the District's annual aggregate contract period from September 1st of one year through August 31st of the following year.
2. Any required quotations whether written or faxed obtained by a department or school must be attached to your purchase order/requisition.

XII. PURCHASE ORDERS

A. Purchase Order/Requisition

The purpose of the Purchase Order/Requisition is to give staff a method to ask for goods or services.

1. A purchase order/requisition, after it is approved is not a contract but an offer. If the purchase is made from a bid award or at the time a vendor ships materials listed on the purchase order than the purchase order becomes the contract document that commits the District to an obligation. Purchase orders are officiated by the Business Manager and/or Superintendent after receipt of an authorized purchase order/requisition.
 - a. The Iraan-Sheffield Independent School District utilizes the purchase order document as the official contract for purchasing. It is a purchasing requisition as submitted by the requesting department to the Business Office. Once approved by various levels of authority it is forwarded to the Business Office where it is signed by the Business Manager and/or Superintendent, assigned a purchase order number, encumbered and officially designated as a "Purchase Order".
 - b. The purchase order will remain in effect as a valid offer and/or contract binding the District with a supplier for 90 days from the date of its approval by the Business Manager and/or Superintendent. It will be the requesting department's responsibility to resubmit a new purchase order document for items needed or services required beyond that date. All purchase orders that reach a maturity date of 90 days may be evaluated by the Business Office as to its possible cancellation or closing at that time. All budget managers will be notified of all purchase order cancellations or closings with the exception of the ones your department/campus request.
 - c. Distribution of purchase order copies are generally as follows:

1.)	White	Vendor Copy	to vendor
2.)	Pink	Receiving Copy	to campus/department
3.)	Yellow	Vendor File Copy	to Business Office
4.)	Green	Numerical File Copy	to Business Office
5.)	Blue	Campus File Copy	to campus/department
2. All purchases shall be submitted on a purchase order/requisition form and be approved by the Business Office prior to the purchase being made. (The reason this must be done prior to the purchase is to assure reimbursement for the goods or services. If approval has not been obtained prior to the purchase, there is a possibility that reimbursement will not be made if it violates the law.)
 - a. Please complete all information requested on the form, including the bid number if there is one.
 - b. Use only one purchase order per vendor. If numerous items are requested which will require more than one page, list all items on a separate sheet and attach five copies of this sheet to the purchase order. Write the words "per attached list" on the purchase order.

- c. Items being purchased from one vendor but from different budget codes may be listed on one purchase order. Items for each designated code should be listed and totaled separately. Budgeting designations should be listed in the "Budget Code" box on the form.
- d. Pending delivery, the blue and pink copies of each purchase order are sent to the principal's (or budget manager's) office where the blue copy becomes the issuing department's copy. The pink copy is the receiving department's copy. When the order is received, the pink copy should be signed and any notation made on it concerning the accuracy of the order. This pink copy should promptly be returned to the Business Office. Packing slips and delivery tickets should be attached to the pink copy. A signed pink copy must be received in the Business Office before payment can be made.
- e. Due to the cost involved in processing a purchase order and the fact that many vendors require minimum dollar amounts for purchases, please consolidate purchase orders for a specific vendor to an amount in excess of \$100 if possible. If the anticipated purchase is less than \$100, please refer to the paragraph concerning "Spot Purchases".
- f. Purchase orders are used to order materials or services. Please do not process a purchase order if an item or service has already been ordered and received. If the materials have already been received, payment should be requested on a "Direct Pay" form. Purchases made without a purchase order shall not exceed \$500. **Purchases of \$500 or more shall be requested on a purchase order prior to the goods or services being ordered.**

B. Specific Purchasing Procedures

1. PURCHASE ORDER/REQUISITION

- a. All requests for purchase shall be submitted on Iraan-Sheffield Independent School District purchase order/requisition approved by the Business Office.
- b. All purchase orders must be approved as required under the Authorization/Approval of purchase orders.
- c. Once approved, the purchase order is signed by the Business Manager and/or Superintendent, given an official purchase order number, and encumbered, only at that time does the purchase order requisition become an official purchase order. All liability for processing and payment is passed on to Business Office. In addition, the main identifier of the purchase order becomes the purchase order number.
- d. Only the original purchase order form is acceptable. Carbon copies, electrostatic, Xerox or other copies are NOT acceptable.
- e. A purchase order must be clear and accurately represent all requirements. Purchase Orders should include the following:

Items underlined are to be listed on the purchase order by the person who is typing the P.O. Other items are already listed somewhere on the P.O. form.

- 1.) Company Name and Address
- 2.) Date
- 3.) Purchase Order #
- 4.) Shipping Instructions (Complete ship to address including receiver's name.)
- 5.) Terms of Payment
- 6.) Tax Status
- 7.) Quantity and Unit
- 8.) Description of goods or services ordered
- 9.) Unit price
- 10.) Discount
- 11.) Freight and/or Delivery Charges if applicable
- 12.) Invoicing Instructions
- 13.) General Terms and Conditions
- 14.) Signature
- 15.) Prices Extended and Totaled Correctly
- 16.) Correct Budget Code
- 17.) Proper Authorizations
- 18.) Prices Quoted By, District Bid #, and or Company Quote # or Bid #, Catalog # and Page if applicable.

19.) Pages of request.

C. Authorization/Approval of Purchase Order

1. A properly authorized purchase order must include the approval of the Principal and the Business Manager and/or Superintendent for final review.

D. Conditions of Purchase (Items below apply to and become a part of the terms and conditions of ISISD Purchase Orders.)

1. INSTRUCTION TO VENDOR: This order is subject to the following instructions, terms and conditions of the Iraan-Sheffield Independent School District.
 - a. Under no circumstances is the amount of this purchase order to be exceeded without prior approval of the Business Manager and/or Superintendent.
 - b. Our purchase order number must appear on all invoices, delivery memorandum, bill of lading, packages and correspondence.
 - c. Address all communication concerning problems with this purchase order to the Business Office, Iraan-Sheffield Independent School District, P.O. Box 486, Iraan, Texas 79744.
2. CONDITIONS OF PURCHASE
 - a. Validation: This is a valid order only when the following two conditions have been met:
 - 1.) That a purchase order number appears in the space provided.
 - 2.) That a written or stamped signature of the District's Business Manager and/or Superintendent appears in the space provided.
 - b. Authorization: Iraan-Sheffield Independent School District will not be responsible for articles delivered and/or services performed without a specific written purchase order.
 - c. Articles or Service: Articles to be delivered and/or services to be performed shall be in accordance with the terms, prices, delivery time, specifications, and conditions as recorded on your bid proposal and as itemized on this order. No substitution of articles or change of any nature shall be made without the authorization of the Business Manager and/or Superintendent. If you cannot fill this order as specified please notify the Business Office in writing.
 - d. Price Changes: The district accepts your bid as recorded on your bid proposal and on this order but reserves the right to cancel the order if the prices are to be increased prior to the delivery of articles or the completion of services. Therefore, do not fill this order at increased prices without authorization from the Business Manager and/or Superintendent. No separate charges, except those clearly recorded on your bid proposal and on this order can or will be allowed.
 - e. Taxes: The District is exempt from the payment of (1) federal excise taxes, (2) federal transportation taxes, (3) Texas State or Local sales taxes. If it is determined that the prices quoted are recorded on this order or the invoice rendered includes any such taxes, the amount of the taxes will be deducted from the total of the invoice. Tax exemption number is 1-74-6001443.
 - f. Warranty, Guarantee, Laws and Regulations: By accepting this order you hereby in addition to the guarantees and warranties provided by law expressly guarantee and warrant as follows:
 - 1.) Warrant that the articles to be delivered hereunder will be in full conformity with the specifications or with the approved sample submitted and agreed that this warranty shall survive acceptance of delivery and payment for the articles and that you will bear the cost of inspecting and/or testing articles rejected.
 - 2.) Guarantee and agree that the articles to be delivered hereunder will not infringe on any valid patent trade mark, trade name, or copyright and that you will, at your own expense, defend any and all actions or suits charging such infringement and will save the District, its agents and employees, harmless in case of any such action or suit.
 - 3.) Warrant that the articles to be delivered hereunder will be manufactured, sold, and/or installed in compliance with the provisions of all applicable Federal, State, and Local laws and regulations.
 - 4.) That nothing contained herein shall exclude or affect the operation of any implied warranties otherwise arising in favor of the District.

- g. Transportation: All shipments are to be made "F.O.B. Destination, Freight Prepaid" unless otherwise specified on your bid proposal and on this purchase order. When articles are sold "F.O.B. Point of Origin" and the District's purchase order so confirms. Please pre-pay shipping charges and record prepaid charges as a separate item on the invoice. It is understood that title of the merchandise appearing on this order will not pass until merchandise is accepted at the delivery destination.
- h. Inspection, Rejection, and Excess Shipment: In addition to other rights provided by law the District reserves the right (1) to inspect articles delivered and to return those which do not meet specifications or reasonable standards of quality. (2) to reject articles shipped contrary to instruction or in containers which do not meet recognized standards and (3) to cancel the order if not filled within the time specified. The District may return rejected articles or excess shipment on this order, or may hold the articles subject to the vendor's order and at his risk and may in either event charge the vendor with the cost of shipping, unpacking, inspecting, repackaging, reshipping, and other like expense.
- i. Delivery To A School Building: When a delivery is to be made direct to a school building (a) such delivery shall be made between the hours of 8:30 a.m. and 3:00 p.m., Monday through Friday, exception school holidays and (b) such delivery shall be made and articles shall be placed inside the school building in the room or rooms to be designated at no additional charge. It is important that vendors understand the DISTRICT CANNOT AND WILL NOT ACCEPT TAIL-GATE DELIVERY AT A SCHOOL ENTRANCE UNLESS SPECIFIED OTHERWISE ON THIS ORDER.
- j. Invoices: To be submitted in duplicate only for items that have been shipped or services that have been rendered. Invoices without reference to this purchase order number and listing items or services other than those shown on this order will not be paid. All items must be shipped at one time, no partial payments allowed. Please note if a back order is shipped the invoice will not be set up for partial payment of the purchase order and the net thirty days will start from the time all items on the purchase order have been received or a proper invoice, whichever is later.
- k. Payments: No partial payments on purchase orders will be allowed unless prior arrangements had been made with the Business Manager and/or Superintendent or noted on bid document. Please note if a back order is shipped, the invoice will not be set up for payment until all items on the purchase order have been received and invoiced. Upon receipt of a properly executed invoice and verification of delivery from the consignee, payment will be processed for items or service delivered.
- l. All unshipped items on this order will automatically be cancelled ninety days after date of order unless prior approval by the Business Manager and/or Superintendent has been obtained. The date of the order is indicated by the signature of the Business Manager and/or Superintendent. Shipments initiated after such date will not be accepted.
- m. In accordance with Article 6252-16 of the State of Texas statutes. The Iraan-Sheffield Independent School District does not discriminate against individuals, or companies with respect to race, religion, color, sex, handicap, or national origin in the awarding of bids.

E. Releasing Purchase Orders

1. No charge of \$500 or more shall be made to the Iraan-Sheffield Independent School District except that covered by a purchase order, which has been through the budget control system and released by the Business Manager and/or Superintendent for mailing or faxing to the vendor.
2. The Business Office will not release purchase order numbers to cover such charges in advance of this procedure except as provided under Emergency Purchases.
3. Request for a department to pick up a purchase order to take to the vendor in person can be made by attaching a small note to the purchase order requesting such action. Do not type these notes on the purchase order. The requesting department will be contacted when the purchase order is ready to be picked up.
4. Confirmation purchase order numbers will not be released to the requesting department until a hard copy such as faxed copy is obtained by the Business Office with the proper approval signatures required on a purchase order. Only after this hard copy has been obtained with proper authorization approvals will the purchase order number be released to the requester.

F. Changing or Canceling Purchase Orders

1. Whenever it becomes necessary to modify or cancel the items or conditions as listed on Iraan-Sheffield Independent School District purchase orders, these procedures shall apply:
 - a. A purchase order is an offer and/or contract that obligates the District and vendor to the terms and conditions as listed thereon.
 - b. **THE BUSINESS OFFICE IS RESPONSIBLE FOR MAKING ALL OFFICIAL ADJUSTMENTS TO A PURCHASE ORDER.**
 - c. All arrangements for returning, adjusting, deleting, modifying, substituting, or canceling items or conditions (including lease or rental arrangements) as listed on the purchase order must be made through the Business Office.
 - d. Requests to have items listed on a purchase order returned, deleted, canceled or in any way adjusted must be made in writing to the Business Manager and/or Superintendent. Appropriate authorization (Principal, Department Head, Budget Manager, etc.) must accompany each request.
 - e. Upon receipt of an authorized request, the Business Office will, when possible make the necessary arrangements and adjustments as requested.
 - f. All arrangements and adjustments shall conform to the requirements of the Business Office, District Policies, and legal statutes.
 - g. School and administrative departments will be notified when an item on the order of the complete order must be canceled for reasons other than their request, examples of cancellations are:
 - 1.) The company is unable to provide the goods or services; or
 - 2.) The item(s) has/have been discontinued.
 - h. According to the Uniform Commercial Code, Section 52-713, 52-715, contracts may be legally canceled or terminated for the following reasons:
 - 1.) Vendor fails to make delivery within the time specified on the contract for purchase.
 - 2.) Vendor delivers goods, which do not meet specifications and does not promptly replace them with acceptable goods.

G. Blanket Purchase Orders

1. Blanket purchase orders are issued to make miscellaneous supplies, materials, or services available as needed by the user department. These blanket purchase orders ARE NOT intended to be used to acquire items or services required for specific one-time job requirements.
2. The general purpose of blanket purchase orders is to:
 - a. Eliminate the need for numerous individual purchase orders for small dollar-value items or services.
 - b. Provide a means of acquiring urgently needed items or services not available in the District.
3. Blanket purchase orders are approved by the Business Manager and/or Superintendent and are issued to vendors as identified by the user department on the purchase order document. The order will remain in effect for 90 days from the signature of the Business Manager and/or Superintendent.
4. Information needed when requesting blanket purchase orders:
 - a. Name and address of supplier/vendor or company
 - b. Nature of items or services requested
 - c. Total costs or charges for the period
 - d. Appropriate authorization; and
 - e. The name and/or names of employees that are authorized to make charges against this open purchase order.
5. The guidelines for use of the blanket purchase order are:
 - a. Individual items to be capitalized (such as machinery, furniture, cabinets, or equipment) ARE NOT to be purchased on blanket purchase orders; individual bid item requisitions must be issued for such items.

- b. The estimated total cost for a purchase order MAY NOT be exceeded. The user department is responsible for maintaining records to insure that the total amount of the requests does not exceed this amount.

H. Accounting for Receipt of Goods and Services

(Refer to Accounts Payable Section for more detailed information.)

1. Accounting for the receipt or non-receipt of goods or services for which a purchase order has been issued is accomplished by two means:
 - a. The packing list and bill of lading sent with the shipment.
 - b. The receiving copy (pink copy) of the purchase order.
2. Upon receipt of the goods or services listed on the purchase order the User Department must submit this document to the Business Office showing quantity and condition of the items received or services rendered.
3. Payment to vendors is processed by the Business Office upon receipt of:
 - a. A valid purchase order.
 - b. An original invoice from the vendor, and
 - c. The signed receiving department copy of purchase order that shows that goods or services have been received in good order.

I. Material Preview/On Approval Purchase Orders

1. A purchase order is to be filled out for materials to be received on approval examination, or preview basis. The P.O. is to be approved by the appropriate budgetary official (i.e. principal, budget manager) prior to requesting the material. The P.O. should clearly state that the materials listed are for approval, examination, or preview. The approval P.O. must be processed in the normal manner. If the material is found to be acceptable then the authorized budget manager must notify the Business Office in writing of their intent to purchase. If only a portion of the merchandise is to be retained, please specify which items will be accepted. Upon notification, the Business Office will attach the notice to the P.O. and the following will occur:
 - a. Business Office will notify vendor of acceptance. To do this the phone number of the vendor as well as the name of the order clerk to whom the order was originally placed or given will be necessary. Insure that this information, as well as any other requested, is made available.
 - b. Invoices are to be sent to the Business Office within 30 days of notification of acceptance to vendors. Any invoices received prior to vendor notification date by the Business Office will not be paid at that time.
 - c. Vendors will be asked to state specifically on the invoices that the invoicing is for materials previously received on approval examination or review, which are now being accepted.
2. If the material is found to be non-acceptable, notification in writing by the budget manager is to be sent to the Business Office. In this case the following is to be adhered to:
 - a. The Budget Manager and/or Superintendent will notify the vendor of non-acceptance of materials in writing and this notification should be mailed return receipt. A copy of this notification must be sent to the Business Office for documentation on the order.
 - b. It will be the responsibility of the budget manager to return the material to the vendor.
 - c. The material should be insured upon return.
 - d. A copy of the shipping documents and insurance form are to be sent to the Business Office as proof of materials being returned.
 - e. The original shipping document is to accompany a direct pay request if reimbursement for postage, shipping, or handling is necessary.
3. Items received on approval in violation of these requirements will become the property of the requesting individual and Iraan-Sheffield ISD will not accept responsibility for the material as far as any expenses incurred.

J. Receiving Procedures

1. Procedures For Receiving Merchandise
 - a. Check for damages.
 - b. Count the shipping units and compare to the count indicated on the freight bill and/or suppliers packing list. Also check these with purchase order copy.

- c. Compare the supplier's name.
- d. Sign and date freight bill and retain proper copy.
- e. Attach copy of the freight bill and packing list to the receiving report.
- f. In the event no one can check the items coming in, sign the freight bill and/or bill of lading indicating what it is you signed for. Example: Received 4 boxes subject to check and sign.

K. Inspection

- 1. Inspection Rights
 - a. You have the right to inspect goods before paying for them.
 - b. You are responsible for identifying errors in a timely manner.
- 2. General Duties for Inspection
 - a. Assure the quality and quantities conform to specifications.
 - b. Originate rejection forms and make sure to keep the packaging and boxes that the items were delivered in.
 - c. Cancel rejection forms when material has been replaced.

L. Purchase Order Discrepancies

- 1. Notify vendor of the rejection or discrepancy within a reasonable time.
- 2. Hold the goods for the vendor's disposition in the packaging and boxes that the items were delivered in.
- 3. Follow any reasonable instructions as to the return or disposition of the goods. (All expenses incurred by the district are the responsibility of the vendor as well as any damages suffered). A notice of rejection should specify all defects rather than just the main reason for rejection. (Please note any damage in detail, as much as possible).
- 4. Write a memorandum explaining what is damaged and forward it to the Business Office.

XIII. GLOSSARY

Annual Aggregate - This pertains to the total amount of purchases made by a school district within a single category of items during a twelve-month period. The state does not prescribe on what date the period starts and stops.

As Is - An expression signifying that goods offered for sale are without warranty or guarantee. The purchaser has no recourse with the vendor for the quality or condition of the goods.

Authorized Deviation - Permission given to a supplier authorizing production or delivery of items within stated limits other than those specified originally.

Backorder - The undelivered part of a previous order which the vendor re-enters for shipment at a later date.

Bid - a response to a specified request for goods or services. Usually requested for contracts exceeding an annual aggregate of \$25,000.

Bid Bond - Bid bond guarantees an owner of property that a party bidding for a contract will, if his bid is accepted, enter into a contract and furnish performance and payment bonds for the carrying out of the work, or pay the owner the difference between the amount of his bid and that of the bid finally accepted.

Caveat Emptor - "Let the buyer beware": The sale is at the buyer's risk.

Caveat Venditor - "Let the seller beware": In some cases, the vendor is liable to the buyer if the goods delivered differ in kind, quality, use, and purpose from those specified in the contract of sale.

Certified Check - A check endorsed by a bank which guarantees its payment.

Change Order - A purchaser's document used to modify or add to a purchase order.

C.I.S.V. - A Catalogue Information System Vendor is approved by the Texas Building and Procurement Commission for the sale of computers and related components without having to use competitive bids or proposals. The vendor must have a state identification number and have a catalogue of components that can be accessed on the Internet. Quotations between several C.I.S.V.s are strongly recommended to deal with market changes and quantity purchases.

Competitive Pricing Mechanism - A term used to collectively describe the various methods the state has provided to meet bidding requirements for purchases above \$25,000. These include bids, requests for proposal, C.I.S.V. catalogue purchases, Texas GSC contracts, Federal GSC contracts, and inter-local government contracts.

Confirming Order - A purchase order originally placed verbally for goods or services.

Delivery Schedule - The agreed time or rate of future deliveries of purchased goods or services.

Discount - An amount deducted from the selling price by the vendor. It is generally applied when a purchaser meets a stipulation that reduces the cost of the goods.

Expediting - "Follow-up" Tracing the status of an order to ensure efficient movement of goods to the School or Department in accordance with the terms of the Purchase Order.

Express Warranty - Vendor's representations concerning the nature and use of goods, which he intends the buyer to rely on.

Inventory - A stock of goods or an itemized list of a stock of goods on hand at a particular time. When ascertained by a physical count of the items it is a "physical inventory"; when determined from records maintained for routine business activities, it is a "book inventory."

Invitation to Bid - A request made by a purchaser to prospective suppliers for their competitive price quotations on goods or services.

Invoice - The vendor's itemized list of goods or services shipped which specifies price and terms of sale.

Knocked Down (k.d.) - A term to indicate that the article described is delivered unassembled. When an article is shipped "k.d.", it must be reduced in size by one third or as specified in the carrier's tariff to be eligible for the applicable freight rate.

Lump Sum - The price agreed upon between vendor and purchaser for a single job or a single purchase of merchandise in bulk.

Manufacturer - One who produces or assembles items from raw materials or components.

Negligence - Under a legal duty the doing or omission of some act which a reasonable, prudent person would not have done or omitted under the circumstances.

Open Account Purchase - A purchase made by a buyer who has established credit with the seller. The transaction is charged to the purchaser's account, payment for which is to be made at some future date agreed upon by buyer and seller.

Original Equipment Manufacturer - (OEM) Seller's classification of a buyer whose purchases are incorporated into a product he manufactures, usually without changing the item which he acquires.

Payment Bond - often referred to as a Labor and Materials bond, guarantees that bills for labor and material used in the work project will be paid. This coverage is usually included automatically in the Performance Bond so no additional charge is necessary.

Performance Bond - guarantees the owner that work will be completed according to the contract specifications. This is considered the key bond in a work project because the owner not only wants the

work completed - usually within a specified time - but also completed according to the owner's specifications.

Political Subdivision Corporation – a corporation that acts for multiple political subdivisions to negotiate the purchase of electricity.

Proprietary Article - An article made and marketed by a patentee.

Purchase - To acquire goods or services for a price.

Purchase Order - A purchaser's formal written offer to a vendor containing all terms and conditions of a proposed transaction.

Purchase Requisition - A formal request made to the Business Office to procure goods or services from vendors.

Quotation - A statement of price, terms of sale, and description of goods or services offered by a vendor to a prospective purchaser. When given in response to an inquiry, it is generally considered a sales proposal. Also, the stating of the current price of a commodity. For the District it is primarily used when making purchases between \$1,000 and \$25,000.

Rebate - A form of discount in that the vendor returns, (or rebates) to a purchaser in consideration of the purchase of a specified quantity or value of goods usually within a stated interval.

Receiving Copy - A receiving department document used to inform other in the company of the receipt of purchased goods. Copies are usually distributed to the accounting department.

Request for Proposal (RFP) - This is an alternate to the competitive bid process. The proposals are advertised and received in the same way as bids. Once opened, the District can select the best proposal and negotiate specific terms with the vendor to further lower the price or improve the contract.

Reverse Auction Procedure - A bidding process using an internet site where vendor can offer one or more bids for goods or services. Vendor does not know the identities of the other vendors. Bidding is in real time.

Sample - A small portion of goods taken as a specimen of quality.

Sealed Competitive Proposal - A term coined by the state to identify proposals dealing with construction. The term sealed is used to indicate that the proposals are not to be made available for public review. In reality this proposal is no different than the standard RFP.

Separate, Sequential, and Component Purchases - Dividing a purchase into several parts or buying parts of a system on separate orders avoid having to use competitive pricing mechanisms to purchase goods and services.

Specification - A comprehensive and accurate statement of the technical requirements descriptive of a good or a service, and of the procedure to be followed to ascertain if the requirements are met. A federal specification is a specification established in accordance with procedures prescribed by the Federal Specification Board and approved for use by all government agencies.

Stock - The supply of goods maintained in a stores system to satisfy anticipated demand.

TBPC - The Texas Building and Procurement Commission.

TCPN - The Cooperative Purchasing Network formally Texas Cooperative Purchasing Network.

Terms of Payment - The method of payment agreed upon in a sales contract. The three basic terms are cash, open account, and secured account.

Tracer - A request made to a carrier to trace a shipment for expediting purposes or to establish date of delivery.

Vendor - A seller of goods or services.

Warranty - An undertaking, either express or implied, that certain fact regarding the subject matter of a contract is as it is declared or promised to be. Not to be confused with "guarantee," which entails contractual responsibility for the substandard performance or nonperformance of another party.

Wholesaler - A purchaser who buys goods for resale to a retailer or industrial user.

Section 3

Accounts Payable Guidelines

Accounts Payable Calendar

The Business Office issues checks each week District personnel are scheduled to work. Their schedule is as follows:

Tuesday, 4:00pm	All requests, invoices, receiving reports or other documentation must be received by this time.
Thursday	Checks are processed and compared to supporting documents for accuracy of vendor name, address and dollar amount
Friday, Noon	Checks are released for mailing or pickup

Absolutely no exceptions are made to the Tuesday 4:00 pm deadline without approval of the Superintendent or the Business Office.

Direct Pay Instructions: [SUPPLEMENTAL PAY REQUEST FORM HERE?](#)

Make sure all signatures are on the Direct Pay request according to the budget manager and amount of check request. Some direct pay requests require signatures from administrators that travel, causing a delay in processing. Please call to make sure the person you may need is available. Always have two copies of backup for direct pay request, this gives us a copy to keep with the request and a copy to mail.

Payment for an employee of the district, that works in other areas (ex: athletic games, accompanist, etc.) needs to be reported to payroll, **not** accounts payable. Direct pay requests need the correct name for employees that need reimbursements, **not nicknames**. Our vendor list has several duplicates making it difficult to track or pay the right person. Social Security numbers and signatures **must** be included for non-employees.

Be sure to have the correct name and address of your request whether it be on purchase order or direct pay request. Sometimes the check needs to be made out to a different person or company. The information should be found in your backup. This will help the payment to be issued in a timely manner.

Checks that have been issued for purchase orders/direct pay requests without backup (ex: field trip etc.) need to have receipts sent to the Business Office on the form supplied for you. This can cause a real problem for your campus and for the Business Office if the auditors should pull this check without backup. Please have receipts returned to you and send them to Business Office in a timely manner to avoid this. A copy of the front of a personal check is **not** acceptable backup for a request. We need a charge receipt, receipt from the event, or a copy of front & back of personal check.

Please make notes on your paperwork for any direct pay requests or purchase orders that need to be held for any reason. Please highlight these notes or you may call the Business Office for further explanation.

During the school year, checks are run on Thursday. Deadline is Tuesday at 4:00pm in the Business Office, with all signatures, vendor number, and budget code approved. During the summer, checks are run on Wednesday, and the deadline is Monday at 4:00 pm. Guidelines are the same as during the school year.

THE FISCAL YEAR ENDS AUGUST 31ST

Anything delivered by August 31st needs to be released for payment out of the current school year's budget. Therefore, we need purchase orders checked in, and the pink copy signed and dated and sent to the Business Office. Direct pay requests should be done for items not on a purchase order, but were received by August 31st. Call or email us anytime. We would be more than happy to help you.

Purchase Order Payments

Please check order in, **sign and date** pink copy then send to the Business Office. Notes on the pink copy lets the Business Office know what's going on with the order. Attach all packing slips to pink copy. When items aren't checked, there aren't any packing slips and there aren't any notes, the Business Office treats this purchase order

'ready to pay'. If an item(s) is being returned or cancelled please contact the Business Office. When you call the vendor please write the date, return authorization number and the person you spoke to on the pink copy.

Purchase orders that are faxed or mailed, and calls to check status can cause a double shipment of the order. **Please handle this problem carefully.** Let the Business Office know right away of double shipments. If you receive a double shipment, call the vendor immediately for a return authorization number. Please make notes on your pink copy of the purchase order (date, who you talked with and the RA#).

Invoice Numbering System for Direct Pays

The District's invoice numbering should be consistent to avoid duplicate payment and to identify duplicate billings. Please do not allow the mainframe system to automatically assign an invoice number to your Direct Pay Requests. Always use an actual invoice number when available. If one is not available, as is often the case, refer to the following guide for assistance.

If an 865 fund number is used for the account coding, put an asterisk (*) in front of the invoice number. This allows us to identify expenditures the Business Office is not required to track for legal compliance purposes.

Spaces or hyphens in invoice numbers should be converted to periods. For example, a vendor's invoice is 936-779623 003, then list it on the direct pay request as 936.779623.003.

Payments to individuals (employees or contractors) for days worked, mileage or other professional services should convert to a numerical date. If services performed are from September 1 to September 30, 2006, the invoice number would be 09.01-30.06. An invoice for one day would be listed as 09.01.06

Reimbursements – Date them for the first or only date of the trip or the date of the refund. For example, a trip that spanned three days from October 3 -5, 2006 would be REIMB10.03.06.

Refunds – refunds are only for payments made that have to be refunded. Enter REFUND and the date, i.e., REFUND 06.15.06. Refunds are made to the parents of students for lost textbooks, library books, returns of athletic participation fees (i.e., something they paid for and now we are refunding back to them).

Field trips – Use FLDTRP and the date, for example, FLDTRP 11.01.06.

Mileage and/or Travel Reimbursements – Put the relevant date or dates for travel, such as 11.08-14.06 or 11.14.06. Use actual dates traveled, not the entire month, for mileage reimbursements.

Registration for Workshops, Conferences or Seminars – REGIST 10.15.06. If the workshop goes more than one day, use the first date of attendance or travel.

Entry Fees – Use ENTRYFEE and date of event. For example, use ENTRY 10.11.06, and use the first day of the event if it is for more than one day.

Professional Memberships – professional society and association memberships often come in two options. One is for individual membership; one is for institutional membership. The institutional membership should always be selected when there is a choice. Use MEMBER and date of payment, i.e., MEMBER12.12.06.

Order Forms – Use ORDER and the campus number and the year of the order. For example, an order form from Iraan High School on July 7, 2007 would be ORDER.001.07.07.2007.

As elaborate as this scheme is, you may occasionally generate an invoice number that is a duplicate for a vendor. If you have any questions or problems, call the Business Office for assistance

Travel Guidelines

Employees authorized to travel for business and educational purposes on behalf of the District shall be reimbursed for all usual and customary travel-related expenses made on behalf and in connection with District business according to District rates and state law. The processes established herein have been developed on the premise

that employees will use good judgment and prudence in the expenditure of District funds when traveling. Travelers are expected to select the most economical and practical accommodations, arrangements and services in accordance with the needs of the trip. All travelers, as well as supervisors approving travel, are responsible for compliance with the provisions of the District's Travel Expense Regulations. Requests for exceptions to these regulations must be made in writing prior to taking a trip and signed by the Business Manager and/or Superintendent.

Travel Regulations for In-District and Out-of-District Travel

Definitions: In-District Travel: All travel within the boundaries of Iraan-Sheffield ISD

Out-of-District Travel: All other travel outside ISISD boundaries

Supervisors have the following responsibilities prior to authorizing travel:

1. Ensure funds are available based upon estimated travel costs prior to authorizing travel expenses.
2. Ensure that the individual traveling is informed and aware of these travel regulations.
3. A Travel Reimbursement Request Form* must be completed for all staff traveling within District boundaries and for out-of-District travel. All employees must complete a Travel Reimbursement Request Form for overnight travel for out-of District travel only. The form must be signed by the applicant requesting permission to travel and approved by the appropriate Budget Manager and the Business Manager and/or Superintendent. This request should be completed ten (10) working days prior to travel.
 - a) If the employee is traveling to a conference, a conference brochure should be attached to the travel request
 - b) Travel must be overnight in nature to be eligible for the meal allowance.
 - c) The employee should include a reasonably accurate estimate of expenses (excluding sales tax) on the travel request. The Travel Reimbursement Request Form will be used for all expense reimbursement requests.
 - d) Advances for meals, mileage and lodging will be made only when absolutely necessary. In order to issue timely advances, the request must be submitted to the Business Office at least ten (10) working days prior to travel.
 - e) All out-of-state travel must be approved in advance by the appropriate Budget Manager, campus Principal, the Business Manager and/or Superintendent.
 - f) The Business Manager and/or Superintendent must approve any exceptions to these regulations.

***The District's official travel request form is titled "Request for Funds - Employee" Form, and may actually be used for any type of employee reimbursement. <http://isisd.net/Info/Forms/forms.htm>**

Maximum Transportation Reimbursement for Iraan-Sheffield ISD Employees

Airfare:

1. The cost of airline tickets paid by the employee for official travel on commercial airlines is reimbursable when this mode of travel has been approved and when the employee is requesting reimbursement for airfare not exceeding the average coach fare. Employees should make airfare arrangements directly with the airline via phone or internet to access the lowest available fares (no travel agents). Failure to utilize the most economical travel method available may result in non-reimbursement of some excess costs.
2. Special discounted fares should be used when available, and trips should be planned far enough in advance when possible to qualify for discounted travel fares.
3. If airfare is purchased over the Internet, the Business Office will require a printed confirmation with a confirmation number and total fare charged that demonstrates that the fare was charged to the employee's credit card. The employee may black out credit card numbers and expiration dates.
4. Authorized Mode of Transportation for ISISD Employees: Employees should make their own travel arrangements utilizing the most economical travel methods available.

Private Automobile: The maximum mileage rate for use of privately owned automobiles is the current State of Texas Comptroller of Public Accounts maximum mileage rate. ISISD travel forms will be updated periodically to reflect the current state rate.

1. The latest official Texas Comptroller of Public Accounts Mileage Guide is to be used in determining the reimbursable mileage between points indicated on the map. This guide may be found at www.window.state.tx.us/comptrol/texastra.html.
2. Generally, if two or more employees from the same campus/department are going to attend the same function; on the same date and time, they should carpool together. The employee's immediate supervisor must approve exceptions to this reimbursement rule prior to travel.
3. Reimbursement for taxi fares, personal and District vehicle parking fees, toll road fees, telephone and facsimile calls are authorized at actual costs in conjunction with their business use. Receipts are required for all fares and fees and may be reimbursed through the Business Office with accompanying receipts. The District will not reimburse employees for valet parking unless approved in advance by the Business Manager and/or Superintendent.
4. Car rentals will be reimbursed at actual costs under emergency conditions or if approved in advance by the Business Manager and/or Superintendent prior to actual travel. The rental must be less expensive than taxi fares. Mileage charges do not apply to rented vehicles. Mileage for personal travel on a business trip is not reimbursable. A detailed statement or justification for the car rental, reflecting the emergency nature or other reasons why car rental is justifiable should be attached to the Travel Reimbursement Request Form.

Note: Any District employee who rents a vehicle in connection with District business must take the collision damage waiver and/or loss damage insurance coverage for each day the vehicle is rented. The insurance coverage may be called collision damage waiver (CDW) or loss damage waiver (LDW) by the rental agency.

Meal Allowance -

1. Receipts are not required. Breakfast - \$9.00; Lunch - \$11.00; Dinner - \$16.00; \$36.00 for a full day.
2. Maximum meal and gratuity allowance for all travelers conducting District business who stay overnight shall not be more than the most current rate established by District regulations. This is the maximum amount allowed per day, and unused amounts from one day do not carryover to the next day.
3. The meal allowance is for travel that includes an overnight stay only. IRS rules do not allow for a per diem meal allowance on non-overnight trips.
4. Alcoholic beverages are not reimbursable by the District.

Lodging -

1. Lodging will be reimbursed at the actual rate not to exceed the maximum amount in District regulations. A higher rate of reimbursement may be approved for lodging at a conference hotel or conference headquarters hotel. \$80 per night is the maximum allowable if the source of reimbursement is federally funded (Food Service, Title I, IDEA funds).
2. Out-of-state lodging shall not exceed the rate established in federal/state travel regulations for each locality, if travel is funded from state or federal grants.
3. Travelers staying at a hotel within the state should complete a State Hotel Occupancy Tax Exemption Form at the time of check-in to qualify for State tax-exempt status. Travelers will only be reimbursed for non-state taxes.
4. The District will only reimburse travelers on actual, itemized hotel bills. Credit card receipts are not acceptable substitutes.

Reimbursable Expenses -

1. Expenses that require prepayment such as registration fees and airline tickets can be paid or reimbursed to the employee on the Travel Expense Reimbursement form or can be directly paid by the Business Office.
2. All employees who traveled and are seeking reimbursement for expenses after their travel is complete shall submit a Travel Expense Reimbursement Form to settle up their expenses. This request should be submitted no later than ten (10) working days after a trip.
3. Each employee should turn in a report of travel expenses. The Business Office will not accept one report for several employees.
4. Employees who are reimbursed mileage for in-district travel should submit their reimbursement request on a monthly basis.

5. If supplies and materials are purchased at a workshop or conference, they must be approved in advance by the appropriate Budget Manager and/or campus Principal or department head in writing prior to taking the trip. Prior written approval should be documented and the maximum amount specified on the written approval.

Generally, the district does not permit the use of federal funds for costs related to travel nor does the district reimburse employees for travel expenses with federal funds.

Should circumstances call for disbursement of federal funds for travel, the need for travel tied to the goals of grant program must be determined prior to travel. In order for travel costs to be paid or reimbursed, the employee must complete a travel form and have supervisor approval. Once final approval is completed by the Business Manager, the Business Office will issue a check.

All itemized receipts for costs incurred must be attached to original travel form with check requisition for reimbursement. Expenses are verified as part of approval process. After attending a conference/training/meeting, verification of completion of the event must be submitted.

Travel costs will comply with OMB Circular A-87 and district travel policy. The Business Manager shall ensure that the allowable costs expended to federal funds do not exceed allowed rates as indicated for site for lodging as per U.S General Services Administration. (Verify allowable amount at www.gsa.gov.) Meal reimbursement will be paid at the state rate or the district rate (whichever is lower). Mileage will be reimbursed at the state rate or district rate (whichever is lower). Reference OMB Circular A-87 for airfare guidelines.
<http://www.whitehouse.gov/omb/circulars>

REVISED AND UPDATED PROCEDURES TO BECOME A TEXAS NOTARY PUBLIC

Budget Managers will be responsible for allocating funds for their campus and/or department notary.

A Notary Public term is four years and is the responsibility of the notary to file his/her term by visiting the Texas Notary website: www.texasnotary.com. A notary package includes:

4-year \$10,000 Bond	\$50.00
State Filing Fee	\$21.00
Self-inking Stamp	\$12.00
Notary Record Book	\$ 7.00
Texas Notary Law Manual	\$10.00
Pocket Notary Record Book	\$ 3.00
Shipping	\$ 4.00
	\$83.00

Once the application and check are sent to the American Association of Notaries, the process generally takes two to three weeks to complete. Application and order form for a Texas Notary Public must be fill out completely and a check mailed to:

American Association of Notaries
8811 Westheimer, Suite 207
Houston, Texas 77063
Phone number: 713-644-2299
Fax number: 713-649-0011

Section 4

Accounting Guidelines

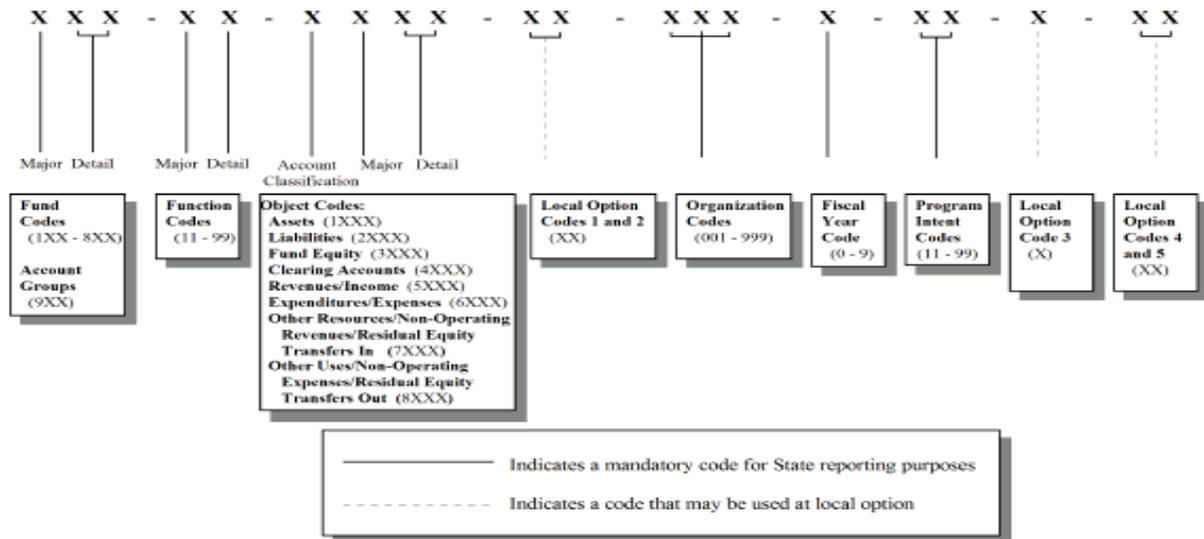
Account Code Structure

Section 44.007 of the Texas Education Code (Code or TEC) requires that a standard school district fiscal accounting system be adopted by each school district. The system must meet at least the minimum requirements prescribed by the State Board of Education and also be subject to review and comment by the state auditor. Additionally, the accounting system must conform to Generally Accepted Accounting Principles (GAAP). This section further requires that a report be provided at the time that the school district budget is filed, showing financial information sufficient to enable the state board of education to monitor the funding process, and to determine educational system costs by school district, campus and program.

The Texas Education Code, Section 44.008, requires each school district to have an annual independent audit conducted that meets the minimum requirements of the state board of education, subject to review and comment by the state auditor. The annual audit must include the performance of certain audit procedures for the purpose of reviewing the accuracy of the fiscal information provided by the district through the Public Education Information Management System (PEIMS). The audit procedures are to be adequate to detect material errors in the school district's fiscal data to be reported through the PEIMS system for the fiscal period under audit.

A major purpose of the following accounting code structure is to establish the standard school district fiscal accounting system required by law. Although certain codes within the overview may be used at local option, the sequence of the codes within the structure, and the funds and chart of accounts, are to be uniformly used by all school districts in accordance with generally accepted accounting principles.

The Code Structure



BASIC SYSTEM CODE COMPOSITION:

(A complete listing of all revenue and expenditure codes is included at the end of this section.)

Fund Code - A mandatory 3-digit code is to be used for all financial transactions to identify the fund group and specific fund. The first digit refers to the fund group, and the second and third digit specifies the fund. Fund group 100 is for locally controlled funds, primarily the General Fund. Fund groups 200 – 400 is for various federal and state grant programs. Fund group 500 is for debt service funds to repay bonded debt. Fund group 600 is reserved for capital project funds (bond money). The 700 series is for various internal service funds. The 800 series is for scholarship funds and clearing accounts. The 900 Funds are for recording long-term fixed assets and long-term debt.

Function Code - A mandatory 2-digit code applied to expenditures/ expenses that identify the purpose of the transaction. The first digit identifies the major class and the second digit refers to the specific function within the area.

Object Code - A mandatory 4-digit code identifying the nature and object of an account, a transaction or a source. The first of the four digits identifies the type of account or transaction, the second digit identifies the major area, and the third and fourth digits provide further sub-classifications.

Asset codes – 1XXX series

Liability codes – 2XXX series

Fund Equity codes – 3XXX series

Encumbrance control – 4XXX series

Local revenues – 57XX series

State revenues – 58XX series

Federal revenues – 59XX series

Payroll Expenditures – 61XX series

Contracted Services – 62XX series

Supply accounts – 63XX series

Other Misc. Costs – 64XX series

Debt payments – 65XX series

Capital Outlay costs – 66xx series

Transfers In / Out – 79XX / 89XX series

Sub-Object Codes (Optional Codes 1 & 2 for local use) - A 2-digit code for optional use to provide special accountability at the local level. In Iraan-Sheffield ISD, many of the sub-object codes are used in Activity and Agency Fund groups, with some being utilized sparingly in the General Fund or other fund groups.

Organization Code - A mandatory 3-digit code identifying the organization (i.e., High School, Middle School, Elementary School, Superintendent’s office, etc.) An organization code does not necessarily correspond with a physical location. The activity, not the location, defines the organization. Campuses are examples of organization codes and are specified for each school district in the Texas School Directory.

Fiscal Year Code - A mandatory single digit code that identifies the fiscal year of the transaction or the project year of inception of a grant project. (Example: For the 2005-06 fiscal year of the school district, a 6 would denote the fiscal year. An ESEA, Title I, Part A - Improving Basic Programs grant for the project year from July 1, 2005 through June 30, 2006 would be indicated by a 6. A grant for the project year from July 1, 2006 through June 30, 2007 would be indicated by a 7. Therefore, 10 months of the ESEA, Title I, Part A - Improving Basic Programs grant expenditures would be accounted for under project year 6 and 2 months would be accounted for under project year 7.)

Program Intent Code - A 2-digit code used to designate the intent of a program provided to students. These codes are used to account for the cost of instruction and other services that are directed toward a particular need of

a specific set of students. The intent (the student group toward which the instructional or other service is directed) determines the program intent code, not necessarily the demographic makeup of the students served.

Optional Codes 3 – 5 - Iraan-Sheffield ISD currently utilizes these to refer to budget managers.

FUND CODES:

199 GENERAL FUND
211 ESEA TITLE I A IMP BASIC
240 FOOD SERVICE
255 TITLE II PART A TPTR
289 REAP – SMALL RURAL SCHOOLS
461 CAMPUS ACTIVITY FUNDS
753 SELF-FUNDED HEALTH INS.
863 PAYROLL CLEARING
865 STUDENT ACTIVITY FUNDS
901 GENERAL FIXED ASSETS
902 GENERAL LONG TERM DEBT

FUNCTION CODES:

11 CLASSROOM INSTRUCTION
12 INSTRUCTIONAL RESOURCES / MEDIA
13 INSTRUCTIONAL STAFF DEVELOPMENT
21 INSTRUCTIONAL LEADERSHIP
23 SCHOOL LEADERSHIP
31 GUIDANCE & COUNSELING
33 HEALTH SERVICES
34 PUPIL TRANSPORTATION
35 FOOD SERVICE
36 CO-CURRICULAR ACTIVITIES
41 GENERAL ADMINISTRATION
51 MAINTENANCE & OPERATIONS
52 SECURITY / MONITORING
53 DATA PROCESSING
61 COMMUNITY SERVICES
71 DEBT SERVICE
81 FACILITIES CONSTRUCTION
91 CONTRACT INSTRUCTION
92 RECAPTURE ASSOCIATED COST
93 SSA PAYMENTS TO MEMBER DIST

OBJECT CODES – REVENUES:

LOCAL REVENUES:

5711 TAXES - CURRENT
5712 DELINQUENT TAX
5719 PENALTY - INTEREST
5722 REV. FROM MEMBER DISTRICT
5735 TUITION AND FEES
5736 TUITION AND FEES
5742 EARNINGS FROM INVESTMENT
5743 RENTAL OF FACILITIES
5744 GIFTS - DONATIONS
5748 OTHER REVENUE FR LOCAL
5749 MISCELLANEOUS REVENUE
5751 FOOD SALES
5752 ATHLETIC ACTIVITIES
5757 CONCESSION SALES

STATE REVENUES:

5811 AVAILABLE SCHOOL FUND
5812 FOUNDATION
5829 MISC STATE REVENUE
5831 TRS ON BEHALF
5832 TRS SUPPLEMENTAL COMPENS
5839 MISC STATE REVENUE NONTEA
5841 REV FROM MEMBER DISTRICTS

FEDERAL REVENUES:

5921 SCHOOL BREAKFAST PROGRAM
5922 SCHOOL LUNCH PROGRAM
5923 USDA COMMODITIES
5929 FEDERAL FUNDS FROM TEA
5931 REVENUE SHARS (MEDICAID)
5932 REVENUE MAC (MEDICAID AD)
5949 REVENUE E-RATE OTHER MISC

OBJECT CODES - EXPENDITURES:

SALARY & BENEFIT CODES:

6112 SUBSTITUTE TEACHERS
6119 PROFESSIONAL SALARIES
6121 OVERTIME - CUSTODIAL
6129 SALARIES - SUPPORT PERS
6132 TRS SUPPLEMENTAL COMPENS
6139 TRAVEL EXPENSE/ALLOWANCE
6141 MEDICARE MATCHING
6142 MEDICAL/DENTAL/LIFE INS
6143 WORKMANS COMPENSATION

6144 TRS ON BEHALF
6145 UNEMPLOYMENT COMPENSAT
6146 TRS LOCAL CONTRIBUTION
6148 DISABILITY INSURANCE
6149 EMPLOYEE BENEFITS

CONTRACTED SERVICE CODES:

6211 LEGAL SERVICES
6212 AUDIT SERVICES
6213 TAX APPRAISAL- COLLECTION
6216 PARKING EXPENSE
6217 ATHLETIC SECURITY OFFICER
6218 PROFESSIONAL SERVICES
6219 PROFESSIONAL SERVICES
6221 STAFF TUITION & FEES
6223 STUDENT TUITION
6224 ATTENDANCE CREDIT PAYMENT
6239 REGION 18 SERVICES
6249 CONTRACT MAINT/REPAIR
6255 GARBAGE DISPOSAL
6256 WATER/SEWAGE
6257 TELEPHONE EXPENSE
6258 ELECTRICITY EXPENSE
6259 GAS EXPENSE
6269 COPY MACHINE LEASE
6299 MISC CONTRACTED SERVICES

SUPPLIES & MATERIALS CODES:

6311 GASOLINE AND OIL
6316 SUPPLIES MAINT/OPERATIONS
6317 SUPPLIES MAINT/OPERATIONS
6319 TRANSPORTATION PARTS
6321 TEXTBOOKS
6329 PERIODICALS/NEWSPAPERS
6339 TESTING MATERIALS
6341 FOOD COSTS
6342 NON-FOOD COSTS
6344 USDA COMMODITIES
6349 FOOD SERVICE SMALL EQUIP
6397 TICKET EXPENSE
6398 PHYSICAL ED CLOTHING/REG
6399 GENERAL SUPPLIES

TRAVEL & OTHER MISCELLANEOUS OPERATING COSTS:

6411 EMPLOYEE TRAVEL ONLY
6412 STUDENT TRAVEL
6419 TRAVEL - SCHOOL BOARD

6429 INSURANCE EXPENSE
6439 SCHOOL BOARD ELECTION
6493 MEMBER DIST. PMTS. SSA
6494 STUDENT TRAVEL/ISISD BUS
6499 MISC OPERATING EXPENSES

DEBT RELATED COSTS:

6511 PRINCIPAL ON BONDS
6521 INTEREST ON BONDS
6523 INTEREST ON CURRENT LOAN
6599 OTHER DEBT FEES

CAPITAL OUTLAY COSTS:

6628 BUILDING CONSTRUCTON
6629 BUILDING CONSTRUCTON FEES
6631 EQUIPMENT/VEHICLES
6639 FURN / EQUIP > \$5000
6649 FURN / EQUIP < \$5000
6669 LIBRARY BOOKS

SUB-OBJECT CODES:

14 SCIENCE
15 AG
16 HEALTH SCIENCES
17 BAND
20 YEARBOOK
24 RESOURCE
28 LANGUAGE ARTS
40 TRAINER
42 CHEERLEADERS
43 FOOTBALL
44 BOYS BASKETBALL
45 GIRLS BASKETBALL
46 BOYS TRACK
47 GIRLS TRACK
48 BOYS GOLF
49 GIRLS GOLF
50 TENNIS
52 CROSS COUNTRY
53 SUMMER TRACK
60 HOUSING
61 ELECTRICITY
62 TELEPHONE
63 WATER/SEWER/TRASH
64 NATURAL GAS
65 CABLE

- 70 GROUNDS
- 71 CUSTODIAL
- 99 UNDISTRIBUTED

ORGANIZATION CODES:

- 001 IRAAN HIGH SCHOOL
- 002 SHEFFIELD CHALLENGE HIGH SCHOOL
- 041 IRAAN JUNIOR HIGH SCHOOL
- 101 IRAAN ELEMENTARY SCHOOL
- 699 SUMMER SCHOOL
- 701 SUPERINTENDENT
- 702 BOARD OF TRUSTEES
- 750 BUSINESS OFFICE

PROGRAM INTENT CODES:

- 11 BASIC EDUCATION SERVICE
- 21 GIFTED/TALENTED
- 22 CAREER/TECHNOLOGY
- 23 STUDENTS W/DISAB SP ED
- 24 ACCELERATED EDUCATION
- 25 BILINGUAL ED/ESL
- 26 NONDISCIPLINARY AEP
- 28 DAEP BASIC SERVICES
- 31 PRE-K
- 91 ATHLETICS
- 99 UNDISTRIBUTED

BUDGET MANAGER CODES:

- 001 HIGH SCHOOL PRINCIPAL
- 002 SHEFFIELD CHALLENG HS PRINCIPAL
- 041 JUNIOR HIGH PRINCIPAL
- 101 ELEMENTARY PRINCIPAL
- 912 LIBRARIAN
- 917 BAND DIRECTOR
- 931 COUNSELOR
- 933 NURSE
- 940 CAFETERIA DIRECTOR
- 951 MAINTENANCE/TRANSPORTATION DIRECTOR
- 953 TECHNOLOGY DIRECTOR
- 991 ATHLETIC DIRECTOR

Section 5

Budget Guidelines

Legal Requirements for Budgeting

Sections 44.002 through 44.006 of the *Texas Education Code* establish the legal basis for budget development in school districts. The following six items summarize the legal requirements from the code:

- ***The superintendent is the budget officer for the district and prepares or causes the budget to be prepared.***

Note: TEA recommends that an *interactive* approach between the board of trustees and the superintendent be taken to establish the budget process and define related roles and responsibilities.

- ***The district budget must be prepared by a date set by the state board of education, currently August 20 (June 19 if the district uses a July 1 fiscal year start date).***

- ***The president of the board of trustees must call a public meeting of the board of trustees, giving ten days public notice in a newspaper, for the adoption of the district budget. Any taxpayer in the district may be present and participate in the meeting.***

- ***No funds may be expended in any manner other than as provided for in the adopted budget. The board does have the authority to amend the budget or adopt a supplementary emergency budget to cover unforeseen expenditures.***

- ***The budget must be prepared in accordance with GAAP (generally accepted accounting principles) and state guidelines.***

- ***The budget must be legally adopted before the adoption of the tax rate.*** However, if a school district has a July 1st fiscal year start date, then a school district must not adopt a tax rate until after the district receives the certified appraisal roll for the district required by Section 26.01, Tax Code. Additionally, a school district must publish a revised notice and hold another public meeting before the district may adopt a tax rate that exceeds the following: (1) The rate proposed in the notice prepared using the estimate; or (2) The district's rollback rate determined under Section 26.08, Tax Code, using the certified appraisal roll.

TEA has developed additional requirements for school district budget preparation as follows:

- ***The budget must be adopted by the board of trustees, inclusive of amendments, no later than August 31*** (June 30 if the district uses a July 1 fiscal year start date).

- ***Minutes from district board meetings will be used by TEA to record adoption of and amendments to the budget.***

- ***Budgets for the General Fund, the Food Service Fund (whether accounted for in the General Fund, a Special Revenue Fund or Enterprise Fund) and the Debt Service Fund must be included in the official district budget (legal or fiscal year basis).*** These budgets must be prepared and approved at least at the fund and function levels to comply with the state's legal level of control mandates. [Funds to be budgeted and reported through PEIMS, both required and optional, are shown in Exhibit 2.???](#)

Note: Districts may prepare and approve budgets for other funds and/or with even greater detail at their discretion. Such local decisions may affect the need for budget amendments and financial reporting requirements.

- ***The officially adopted district budget, as amended, must be filed with TEA through PEIMS (Public Education Information Management System) by the date prescribed in the annual system guidelines.*** Revenues, other sources, other uses, and fund balances must be reported by fund, object (at the fourth level), fiscal year, and amount. Expenditures must be reported by fund, function, object (at the second level), organization, fiscal year, program intent and amount. [These requirements are discussed in further detail in the Data Collection and Reporting module.???](#)

• ***A school district must amend the official budget before exceeding a functional expenditure category, i.e., instruction, administration, etc., in the total district budget.*** The annual financial and compliance report should reflect the amended budget amounts on the schedule comparing budgeted and actual amounts. The requirement for filing the amended budget with TEA is satisfied when the school district files its Annual Financial and Compliance Report.

In addition to state legal requirements, individual school districts may establish their own requirements for annual budget preparation. Local fiscal policies may dictate budgetary requirements which go beyond those required by the *Texas Education Code* and TEA. These policies may include:

- Fund balance levels
- Debt service fund balance accumulation
- Financial performance comparison measures
- Staffing levels

There are four truth-in-taxation principles, which apply to taxing units:

- Property owners have the right to know of increases in their properties' appraised values and to be notified of the taxes that could result from the new value.
- A taxing unit must calculate and publish the effective and rollback tax rates before adopting an actual tax rate.
- A unit must publish special notices and hold a public hearing before adopting a tax rate that exceeds either the effective tax rate plus three percent or the rollback rate.
- If the unit adopts a rate that exceeds the rollback rate, voters may start a petition for an election to limit the rate to the rollback rate. School districts must hold rollback elections to limit tax increases above the rollback rate for the current year, *without* a petition.

One of the equalization features of the funding formula is a cap on wealth per WADA. Chapter 41 of the *Texas Education Code* establishes an equalized wealth level of \$305,000 and gives districts above this level several methods to either reduce wealth or increase WADA in order to achieve the equalized level.

Districts may use any combination of five options: (1) consolidating school districts, (2) consolidating school tax bases, (3) contracting with the State of Texas to shed the excess wealth, (4) contracting to educate children in another school district and paying the state for student attendance credits, or (5) de-annexing and annexing property between school districts. These steps affect the truth-in-taxation rollback rate steps.

The *Texas Education Code* also limits school districts' maintenance and operation tax rate to \$1.50 per \$100 valuation. This rate is a nominal rate - it is not tied to the comptroller's taxable value certification.

Note: Districts should consult the comptroller's Guide for Setting Tax Rates: Truth in Taxation publication and/or TEA for more information on tax rate limitations and rollback worksheets.

Revenue Estimates and "Recapture"

The Business Manager will prepare all revenue estimates for the coming year. The Business Manager will use these revenue estimates to prepare the preliminary "Recapture" calculation. Under current school finance law, the "Recapture" calculation itself is a complex set of formulas that accomplish a fairly simple task – that of determining how much of the District's tax revenue we can keep and how much must be given away under Chapter 41 of the Texas Education Code. Currently, Iraan-Sheffield ISD gives away approximately 50% of M & O tax revenues to "Recapture". I & S (debt service) tax revenue is not subject to this recapture.

Budgeting for Funds Other than the General Fund

The District has many different fund accounts. The General Fund 199 accounts for the vast majority of salaries, benefits and other day-to-day operational costs of the District. However, there are many other funds that account

for various special purpose activities within the District. There are numerous federal grant programs, debt service and capital project funds, internal service, agency and activity funds and fund groups that exist for accounting purposes. The only funds that require a legally adopted budget are the General, Debt Service and Food Service funds. Other funds may utilize a managerial budget, or one which does not necessarily require legal approval by the Board of Trustees. Currently, Iraan-Sheffield ISD seeks Board of Trustee approval for all budgeted funds, but is not required to do so. Budget preparation for these funds should take place during the normal budget process or as soon thereafter as possible. Notices of Grant Awards (NOGAs) are not usually received until late summer, which delays adoption of budgets for many of the special revenue (federal grant) funds each year. If these fund budgets are not prepared in time for budget adoption in August, they may be taken to the Board of Trustees in the first budget amendment of the year.

Budget Amendments

There are two types of budget amendments:

- amendments that move budgeted funds between accounts but within the same function do not require Board of Trustee approval and can be processed at any time during the year
- amendments that move funds from one account to another and which also change function codes must by law be presented to the Board of Trustees for approval.

Budget amendments that require Trustee approval are presented to the Board periodically during the fiscal year.

Budget Amendment #1 – presented to the Board in November for September - October amendments and budget adoption “clean up”

Budget Amendment #2 – presented to the Board in February for November - January amendments

Budget Amendment #3 – presented to the Board in May for February - April amendments

Budget Amendment #4 – presented to the Board in August for May - July amendments and year-end adjustments

[Budget Amendments are processed online via our CIMS mainframe finance software system.??? TxEIS???](#)

Section 6

Activity Fund Guidelines

See the *Iraan-Sheffield ISD School Activity Fund Essentials (S.A.F.E.) Manual* for more detailed information regarding activity funds.

FEDERAL FUNDS ARE NEVER COMMINGLED WITH CAMPUS ACTIVITY FUNDS OR STUDENT ACTIVITY FUNDS.

Collection of Funds

All funds collected shall be receipted and turned into the office daily. Bank deposits must be made at the minimum of once a week. Teachers/Sponsors shall avoid keeping money overnight and no money shall be left in classrooms overnight. The sponsor is responsible for all money, merchandise and materials used in the fund-raising project.

Depositing of Funds

When a sponsor submits funds collected to the campus secretary for deposit, these funds should be verified by the campus secretary in the sponsor's presence. This is simply a prudent cash-handling procedure that protects both the person receiving the money and the sponsor. After counting the funds, campus secretary must provide the sponsor with a pre-numbered cash receipt documenting the amount of the deposit. If for some reason immediate verification is not possible, the funds should be locked in the vault until such time that both individuals are present for cash verification. The sponsor will bear responsibility for any missing deposits or deposit shortages if funds are not verified in the presence of the campus secretary (or person receiving the money.)

Activity Fund Deposits

All money (checks, coin, and currency) collections should be deposited on a timely basis. Appropriate security measures, locked cash boxes, safes, and vaults, should be used to protect all cash and cash items. The responsibilities of receiving funds and writing receipts should be separate from preparing and making bank deposits when possible.

Journal Entries

Journal entries need to be made when money is transferred from one account to another or when the wrong budget code has been charged on a Purchase Order or Direct Pay Request.

Some examples of these occurrences are activity funds reimbursing the General Fund for things such as Cheerleader Tryout Judges, Band and Choir Contest Fees, Donations

When one of these type of transactions occur, please send the Business Office a memo from the Principal stating what you are wanting to transfer and what account code you want charged. The Business Office will then take care of the journal entry that is necessary to reflect the transaction properly.

Reading Your Monthly Budget Manager Printout

You should check your Budget Manager Reports at least weekly to keep up with your current balances and to analyze for any unusual items or improper coding of expenditures. The **Transactions** column is expenditures that have already been paid to vendors. The **Encumbrance** column is for Purchase Orders that have been processed and encumbered but the items or work have not been completed, invoiced, and paid for yet. The **Ending Balance** is the amount of budgeted money left that is not yet spent or committed. If the **Ending balance** for one of your **Function** totals is a negative balance, a budget amendment needs to be done to transfer some budget in from another function to cover this deficit.

Petty Cash

The term "petty cash fund" refers to a fund that has a fixed amount of dollars allotted to the fund. The funds are used to reimburse employees for small expenditures for District supplies and to make small District purchases. The petty cash fund is restored to its original amount at frequent intervals by the issuance of an accounts payable check to the custodian of the petty cash fund. The replenishment check is equal in amount to the expenditures made from the fund. The size of the fund should be sufficient to meet the normal needs for small cash payments for a period of three or four weeks. As each cash payment is made, a receipt is placed in the fund in lieu of the cash removed.

The principal or department head is responsible for ensuring that the rules established herein are followed by the persons(s) designated to handle petty cash funds. The principal or department head is responsible for reviewing and authorizing advances and purchases from this funding source. Petty cash purchases should be kept to a minimum and employees who have been assigned, as custodians of petty cash funds are required to maintain accurate accounting records for all transactions.

Petty Cash Guidelines

- Only one person from each campus should be charged with the responsibility for handling transactions that require use of petty cash.
- The petty cash box should be locked and placed in a safe when not in use by the fund custodian.
- Periodic petty cash reconciliations should be made to avoid depletion of funds.
- At least two people must be present to count the cash box when there is a change in petty cash custodians.
- All petty cash vouchers reconciled must be accompanied by original receipts/invoices. **No exceptions.** Only expenses related to school district business should be shown on the receipt. It is not permissible to commingle purchases of personal items with school business related items on the same receipt.
- Supplies and materials (6319, 6329, 6399, and 6499 expenditure category) are the only types of expenditures that may be made out of the petty cash fund with the one exception of athletic game money. The District cannot reimburse sales tax. A tax exemption certificate must be taken to the vendor to avoid paying sales tax.

Fixed Assets

Student organizations should not own fixed assets or non-consumable supplies (Object 6399) carried in the name of the organization. If such assets are to be purchased with student organization funds, they should be donated to the District, with School Board approval, and carried on the District's asset inventory.

PTO/Booster Club Funds

Funds belonging to outside groups, such as PTO's, booster clubs, Project Graduation, etc., are not activity funds and should not be handled by school personnel as part of their official school duties. Such funds should be handled only by officers or the designated treasurer of the organizations.

Section 7

Booster Club Guidelines

GENERAL GUIDELINES

The Role of Competition

Participation teaches that it is a privilege and an honor to represent one's school. Students learn to win without boasting and to lose without bitterness. Self-motivation and intellectual curiosity are essential to the best academic participants. Artistic commitment and a desire to excel are traits found in music participants. Physical training and good health habits are essential to the best athletes. Interscholastic competition is a fine way to encourage youngsters to enrich their education and expand their horizons. Leadership and citizenship experiences through school activities help prepare students for a useful and wholesome life. Plus, competition is fun!

ROLE OF THE SUPERINTENDENT

Member schools make UIL rules and determine policies regarding penalties to schools, school district personnel and student participants. The superintendent is solely responsible for the entire UIL program. All activities, events and personnel are under the jurisdiction of the superintendent. Booster clubs must recognize this authority and work within a framework prescribed by the school administration.

ROLE OF BOOSTER CLUBS

School patrons form booster clubs to help enrich the school's participation in extracurricular activities. The fund-raising role of booster clubs is particularly crucial in today's economic climate.

WRITTEN POLICIES

Booster clubs should develop and annually review policies to cover:

- how to obtain administrative approval before beginning projects;
- how to plan and publicize meetings;
- bookkeeping and fund administration including process to obtain superintendent's approval prior to raising funds;
- election of officers (suggestion: one president; one secretary; one treasurer; and three vice - presidents; one vice president to oversee fall, winter and spring sports);
- taking, distributing and filing minutes;
- public communication;
- proper interaction with fine arts directors and academic and athletic coaches through the lines of authority as established by the school board;
- a sportsmanship code governing behavior of booster club members and fans at contests, treatment of officials, guests, judges, etc.; and
- plans to support the school regardless of success in competition, keeping the educational goals of competition at the forefront of all policies.

CLUB FINANCES/RELATIONSHIP WITH THE SCHOOL

- The superintendent or a designee who does not coach or direct a UIL contest has approval authority over booster clubs and should be invited to all meetings. All meetings should be open to the public.
- Booster clubs do not have authority to direct the duties of a school district employee. The schedule of contests, rules for participation, methods of earning letters and all other criteria dealing with inter-school programs are under the jurisdiction of the local school administration.
- Minutes should be taken at each meeting and kept on file at the school.
- School administration should apprise booster clubs of all school activities.
- Booster clubs should apprise school administrators of all club activities.
- Periodic financial statements itemizing all receipts and expenditures should be made to the general club membership and kept on file at the school.
- ***Booster clubs should obtain their own tax identification number from the Internal Revenue Service. Information on how to do so is available in the ISISD Business Office and on the IRS web site at www.irs.gov under Publication 557 – Tax Exempt Status for Your Organization.***

FUNDRAISING/SPENDING/STIPENDS/GIFTS TO COACHES

Money given to a school cannot be earmarked for any particular expense. Booster clubs may make recommendations, but cash or other valuable consideration must be given to the school to use at its discretion.

- Fundraising projects are subject to state law. Nonprofit or tax-exempt status may be obtained from the Internal Revenue Service.
- Community-wide sales campaigns should be coordinated through the school administration to minimize simultaneous sales campaigns.
- Sales campaigns should be planned carefully to insure that the projects provide dollar value for items sold, and that most of the money raised stays at home. Otherwise donations are often more rewarding than letting the major part of the money go to outside promoters.
- Fund raising activities should support the educational goals of the school and should not exploit students. Activities and projects should be investigated carefully before committing the school's support.
- Individuals who actively coach or direct a UIL activity should serve in an advisory capacity to the booster club and should not have control or signature authority over booster club funds, including petty cash or miscellaneous discretionary funds. Coach's wish lists should have received prior approval from school administration before submission to boosters.
- Coaches and directors of UIL academics, athletics and fine arts may not accept more than \$300 in money, product or service from any source in recognition of or appreciation for coaching, directing or sponsoring UIL activities. The \$300 limit is cumulative for a calendar year and is not specific to any one particular gift.
- The district may pay a stipend, fixed at the beginning of the year, as part of the annual employment contract. The amount of the stipend can't depend on the success of a team or individual. In other words, a coach can't receive more money if a team or individual qualifies to region or state.
- Funds are to be used to support school activities. To provide such funding for non-school activities would violate UIL rules and the public trust through which funds are earned.

ATHLETIC BOOSTER CLUB RESTRICTIONS

- Booster clubs cannot give anything to students, including awards. Check with school administrators before giving anything to a student, school sponsor or coach. Schools must give prior approval for any banquet or get-together given for students. Fans not just members of the booster club should be aware of this rule. It affects the entire community.
- Unlike the music and academic booster clubs, athletic booster club funds shall not be used to support athletic camps, clinics, private instruction or any activity outside of the school.
- Booster groups or individuals may donate money or merchandise to the school with prior approval of the administration. These kinds of donations are often made to cover the cost of commercial transportation and to cover costs for out of town meals. It would be a violation for booster groups or individuals to pay for such costs directly.
- Individuals should be informed of the seriousness of violating the athletic amateur rule.

The penalty to a student-athlete is forfeiture of varsity athletic eligibility in the sport for which the violation occurred for one calendar year from the date of the violation. Student athletes are prohibited from accepting valuable consideration for participation in school athletics - anything that is not given or offered to the entire student body on the same basis that it is given or offered to an athlete. Valuable consideration is defined as tangible or intangible property or service including anything that is usable, wearable, salable or consumable. Salable food items or trinkets given to athletes by student, cheerleaders, drill team members, little/big sister, school boosters, and parents of other students, teachers or others violate this rule.

- Homemade "spirit signs" made from paper and normal supplies a student purchases for school use may be placed on the students' lockers or in their yards. Trinkets and food items cannot be attached. Yard signs should be made of commercial quality wood, plastic, etc. If not purchased or made by the individual player's parent, they must be returned after the season.
- The school may provide meals for out-of-town trips only. If the school does not pay for meals, the individual parents need to purchase their own child's food. Parents may purchase anything they wish for

their own child but may not provide food or other items of valuable consideration for their child's teammates.

- The school may also provide supplies for games and practices and transportation for school field trips. Students should pay admission fees during school field trips.
- Parties for athletes are governed by the following State Executive Committee interpretation of Section 441: VALUABLE CONSIDERATION SCHOOL TEAMS AND ATHLETES MAY ACCEPT:
 - **Pre-season:** School athletic teams may be given no more than one pre-season meal, per sport, per school year such as a fish fry, ice cream supper, etc. provided it is approved by the school and given by a nonprofit organization, usually the booster club, before the team plays in its first contest. It may be given after a scrimmage.
 - **Post-season:** School athletic teams are limited to no more than one post-season meal or banquet per sport, per school year, and it must be given by a nonprofit organization and approved by the school.
 - **Banquet favors or gifts** are considered valuable consideration and are a violation if they are given to a student athlete at any time.
 - **Other:** School athletic teams and athletes may be invited to and may attend functions where free admission is offered or where refreshments and/or meals are served, provided all students from that high school are invited to attend for the same fee and on the same basis as the athletes or the athletic team. Athletes or athletic teams may be recognized at these functions but may not accept anything that is not given to all other students.

VALUABLE CONSIDERATION THAT SCHOOL TEAMS AND ATHLETES MAY NOT ACCEPT:

Examples of items deemed to be valuable consideration and thus a violation of this rule include but are not limited to:

1. Meals, snacks or snack foods during or after practices;
2. Parties provided by parents or other students strictly for an athletic team;
3. Anything that is not given or offered to the entire student body on the same basis that it is given to or offered to an athlete.

Local school district superintendents have the discretion to allow student athletes to accept, from their fellow students, small "goodie bags" that contain candy, cookies or other items that have no intrinsic value and are not considered valuable consideration.

Gatherings of school athletic teams at parents or patrons' homes require each athlete to contribute equally to any food or refreshment. The burden of proof will be on the athlete, his or her head coach, and the school if these occasions are questioned. No overnight lodging or sports instruction or practice is permitted.

ACADEMIC BOOSTER CLUBS

The rules for athletics are different than the rules for academics and music. Athletes are restricted by the Athletic Amateur Rule, which states that athletes cannot accept money or valuable consideration for participating in a UIL sport or for allowing their names to be used in promoting a product, plan or service related to a UIL-contest.

Academics have no such rule. Journalism participants may work for a newspaper and be paid. Actors may work summer stock and be paid. Students may win calculators and pocket protectors for participating in invitational math contests.

UIL academic students are restricted by the Awards Rule so as a general practice, do not give gifts or awards to students for their participation in UIL contests that count toward district, region or state standing. School booster clubs may raise money to purchase letter jackets, provided the funds are given to the school without designation to buy jackets for particular students and the school determines criteria for awarding the jackets. Parents may purchase jackets for their own children provided the school designates the student as being qualified to receive the jacket.

Even though exceptions to the awards rule exist, it remains a sound policy not to give awards to students because they have participated in or are participating in a UIL academic contest. Don't give a kid a t-shirt because he won first place in headline writing at district, region or state.

With prior administrative approval, you may also:

- Purchase equipment for programs such as computers or software for yearbook or computer science;

- Organize and chaperone trips and assist with expenses for travel to academic competitions or educational trips such as journalism conventions or speech tournaments. They may provide food and refreshments for students on these trips. A purely recreational trip to Six Flags Over Texas would not meet the definition of an educational field trip and could be considered a violation of the Awards Rule;
- Run tournaments, organize fund-raising efforts, recruit corporate donors, raise money for scholarships and arrange for tutors and professional trainers to work with students;
- Fund academic workshop scholarships provided selection of the recipients is not based solely on their success in interscholastic competition. Selection could be based on grade point average or the student's selection of high school courses. All students meeting the conditions for scholarship assistance should be notified and eligible for financial assistance. Funds should be monitored to ensure that they are expended for camp or workshop purposes.

We wish we had more academic booster clubs, whether they cover UIL academic competition in general or specific programs such as drama, speech/debate, journalism or math/science. A great need exists for parental involvement and support.

MUSIC BOOSTER CLUBS

In addition to the general procedures outlined, the following guidelines apply to Music Booster Club activities.

- Some music booster clubs assist with expenses for travel to various music related activities such as UIL contests and performances at away athletic events. Such financial support violates no UIL rules provided that it is approved and coordinated by the local school district.
- Many music groups schedule educational field trips with the approval of the local school administration and under local school district policies. For such trips specific educational components must be included such as performing for a music festival, an adjudicated contest or a concert tour. However, educational components need not be limited to performances. Concert attendance, visiting university/conservatory music facilities and other music related, non-performing opportunities would also be appropriate if approved by the local school district.
- A recreational trip, on the other hand, would not meet the definition of an educational field trip as provided in Section 480 of the UIL Constitution and Contest Rules. Students receiving the benefits of a purely recreational trip would likely be in violation of the Awards Rule.
- Booster Clubs may also fund scholarships for private lessons and summer music camps provided the selection of the recipients is not based on success in interscholastic competition. Funds for such activities should be carefully monitored to ensure that they are expended for educational rather than recreational activities.
- The awarding of patches, T-shirts or other items for achievement in interscholastic competition would be subject to the UIL Awards Rule. In order to protect all music students' eligibility such awards should be approved and administrated by the local school district in accordance with school district policies.
- Be mindful of the fact that there is no Music Amateur Rule. Consequently limitations established in athletics intended to ensure compliance with the Athletic Amateur Rule do not apply to music programs and related activities.

What you can do Parents?

- Remember: The classroom comes first!
- Help conduct fair and equitable competition: adhere to rules; uphold the law and respect authority.
- Remember that officials are human. Respect their decisions.
- Delegate authority to the school, and then support its decisions.
- Set standards by which you expect children to conduct themselves, and live by those standards yourself.
- Be aware of capabilities and limitations of young people. Don't have unrealistic expectations.
- Allow your children to live their own lives.
- Be involved in areas in which your own child is not involved, thus contributing to school unity and spirit.

- Show respect to the opponents of your children.
- Praise. Don't criticize. Urge others to do the same.
- Help your children and their friends develop integrity through the intensity of competitive activity.

Work with the Administration

- Positive and direct communication can prevent most problems. Keep the superintendent informed of all activities.
- Make sure your local administration has a copy of all club publications.
- Invite administrators to all booster club meetings.
- Have an officer meet with the school administration regularly.
- Have a chain of command for communication with the administration.
- Clear all activities through your administration.

Coaches and Fine Arts Directors

- Be sure your booster club wish list has been approved by your supervisor before it goes to the booster club.
- Work with your administration to determine what your club can provide.
- Make your request to the club benefit as many students as possible.
- Attend the booster club meetings and/or know what the club is doing.
- Understand that your advisory role to the boosters is without vote.
- Support other programs within your district
- Meet with parents regularly and make them aware of relevant rules.
- Involve your staff with your booster club. Let the booster club know who your staff is and what duties they perform.

Section 8

Grants Management Guidelines

General Guidelines

Grants management procedures are used for the financial and regulatory administration of all state and federal financial assistance to the district. Overall responsibility for submitting proposals and for executing and submitting awards rests with the Superintendent.

General information provided in this document is based on multiple sources. For more specific information, consult the specific grant applications and regulations and OMB Circular A-87 for federal cost principles. All applicable ISISD policies, procedures, and administrative guidelines and ISISD purchasing guidelines as outlined in the *ISISD Fiscal Manual* are to be followed for expenditures. Procedures in the *ISISD Fiscal Manual* and *ISISD Employee Handbook* are to be followed for personnel.

Account codes

The primary resource on accounting and business operation for Texas public schools is the TEA Financial Accounting System Resource Guide (FASRG). Please refer to the *ISISD Fiscal Manual* for a detailed explanation of the ISISD account code structure, valid codes, and account code rules based on FASRG.

Budget

Budget Planning

When tentative entitlements are received, the budget planning process begins officially with additional communication between the Business Manager and campus administrators to gather data needed to create the application to be submitted to TEA (or budget information to be submitted to Region 18 Shared Service Arrangement for designated grants). Input for budget planning is derived from additional, focused communication with campus principals, other stakeholders, and other program administrators as part of the Comprehensive Needs Assessment. After prioritizing needs based on the CNA findings, goals and objectives are written and strategies are selected based on student needs. Notification of grant approval (NOGA) is received from TEA. Funds are set in the accounting system and account code distributions are verified by the Business Manager.

Budget Amendments

The Business Manager monitors federal and state grants for programmatic and budgetary compliance with the approved NOGA. If it becomes necessary to file an amendment due to a need identified by a campus or by a program that was not approved in the initial award and the amendment is within the budget variances of the application, then the amendment will be processed in eGrants (or through the ESC Shared Service Arrangement for designated grants). The amendment must be officially approved by TEA before the expenditure is allowable.

Reviewing Budgets

The Business Manager will regularly review grant budgets and account code expenditures and will monitor and amend budgets as needed. See the *ISISD Fiscal Manual* for further information regarding budgeting guidelines.

Business Office

Business Office responsibilities include:

- Maintaining fiduciary and financial responsibility for all grant activities
- Processing and maintaining the accounting data for the grant, including the details of all grant transactions from the approval of the proposed grant to final action by the grantee and grantor
- Requesting funds through the automated payment request systems
- Preparing and submitting written expenditure reports and certifying expenses are true and correct
- Classifying and reporting the accounting transactions properly according to TEA guidelines
- Filing the following reports:
 - Periodic expenditure reports

- Final expenditure reports
- Revised final expenditure report (if necessary)

Process for Completing Monthly Expenditure Reports:

- The Business Manager will run appropriate general ledger reports and update Excel files as necessary.
- The Business Manager will verify transactions/expenditures and sign-off on them.
- The Business Manager will enter the cumulative expenditures and request funds via eGrants system expenditure reporting for each NOGA that incurred expenses.
- If threshold amount is exceeded, written documentation will be provided for NOGA with a breakout by object code to justify expenditures

Cash Management Requirements

The district operates on a reimbursement basis for expenditures incurred for federal programs. The expenditures must be paid before requesting reimbursement from TEA. All transactions for requesting reimbursement of funds are maintained with the monthly expenditure report justifying the request for reimbursements. The district should not have more cash on hand than is necessary to meet three days cash needs for federal programs.

Expenditures Guidelines

Spending Guidelines:

- Expense must be supplemental.
- Expense must be reasonable and necessary.
- Expense cannot supplant state or local funds.
- Expense cannot meet any state or local (school board) requirement.
- Expense must tie to district or Campus Needs Assessment.
- Expense must tie to District or Campus Improvement Plan.
- Expense cannot be for food unless directly related to parent involvement or snacks for tutoring.
- Expense cannot be tied to any activity that is seen as entertainment (Six Flags, soccer games.)
- Expense cannot be for promotional items (red-ribbon week, character counts.)
- Expense cannot be rounded up or down.
- Expense must be related to federal program from which reimbursement is being requested.

NCLB Qualifying Questions:

- How is the program, activity, or strategy reasonable and necessary to carry out the intent and purpose of the program?
- How does the program, activity, or strategy address a need previously identified in the campus comprehensive needs assessment?
- How is the program, activity, or strategy to be funded? It should be described in the campus or district improvement plan before the decision of whether to pay the expenditure from Title I, Part A funds?
- How will the program, activity, or strategy be evaluated to measure a positive impact on student achievement?
- If for a schoolwide campus, how will the program, activity, or strategy upgrade the entire educational program on the campus?
- How is the program, activity, or strategy supplemental to other non-federal programs? On a schoolwide program, the amount of federal funding on a campus must be supplemental.
- On a targeted assistance program, the program, activity, or strategy must be supplemental.
- Are any rebuttals to the assumptions of supplanting clearly documentable for auditor?

Supplement Not Supplant Procedures

The district has implemented guidelines to ensure compliance with the federal fiscal requirement of supplement not supplant. The purpose of these procedures is to ensure that the level of state and local support for programs remains at least constant and is not replaced by federal funds. Federal funds are used to supplement (add to, enhance, expand or increase) the funds available from non-federal sources, and not to supplant (replace or take the place of) existing non-federal funds.

1. Federal funds shall not be used to provide services that the District is required to provide under federal, state, or local laws/policies.
 - a. Salary expenditures for staff required by federal, state, or local policy shall not be paid from federal funds. For example, teacher FTEs that meet the state's 22:1 student-teacher ratio for grades PK through 4th will not be funded from federal funds. Excess teacher units, if any, may be eligible for payment through federal funds.
 - i. Documentation shall include a report that reflects the teacher units throughout the district mandated by the state and the excess units, if any.
 - b. Salary expenditures for staff required by local policy shall not be paid from federal funds. Excess staff units, if any, may be eligible for payment through federal funds.
 - i. Documentation shall include Board minutes or local policy reflecting the staffing requirement and a report that reflects the staff units throughout the district mandated by the local minutes/policy and the excess units, if any.
 - c. Federal funds shall not be used to pay for state required activities, such as state-mandated assessments.
 - i. Documentation shall include purchase orders for state required activities. The purchase orders shall reflect that non-federal funds were used to pay for the expenditures.
2. Procedures for determining that a school participating in a schoolwide program is using federal funds available only to supplement the amount of funds that would, in the absence of NCLB federal funds, be available from non-federal sources for the school (including funds needed to provide services for children with disabilities and children with limited English proficiency.) Note: In a Title I, Part A schoolwide program, a school is not required to provide supplemental services to identified children; rather, the funds are used to improve the entire educational program to benefit all students.
3. Procedures for determining supplement, not supplant when state or local funds are no longer available. Federal funds shall not be used to provide services that the District is required to make available under other Federal, State or local laws (Board Policy).
 - a. Salary expenditures for staff required by federal, state, or local policy shall not be paid from federal funds. For example, teacher FTEs that meet the state's 22:1 student-teacher ratio for grades PK through 4th will not be funded from federal funds. Excess teacher units, if any, may be eligible for payment through federal funds.
 - i. Documentation shall include a report that reflects the teacher units throughout the district mandated by the state and the excess units, if any.
 - b. Salary expenditures for staff required by local policy shall not be paid from federal funds. Excess staff units, if any, may be eligible for payment through federal funds.
 - i. Documentation shall include the Board minutes or policy and a report that reflects the staff units throughout the district mandated by the minutes or policy and the excess units, if any.
 - c. Federal funds shall not be used to pay for state required activities, such as state-mandated assessments.
 - i. Documentation shall include purchase orders for state required activities. The purchase orders shall reflect that non-federal funds were used to pay for the expenditures.
4. Procedures for determining that program-specific supplement, not supplant provisions are met.
 - a. A review of the non-federal funds available to each campus (schoolwide and non-participating) shall be conducted on an annual basis by the Business Manager and/or Superintendent.

- i. TEA’s Comparability Computation Report (CCR) should provide valuable information related to the level of state and local funding available at each Title I, Part A participating and non-participating campus.
 - ii. All purchase orders with federal funds shall be reviewed by the Business Manager to ensure compliance with the supplement, not supplant provision. The final approver’s signature and date is his representation that the grantee complied with local policy and procedure and state and/or federal law, rules and/or grant requirement, as applicable.
- 5. Procedures for determining supplement, not supplant when state or local funds are no longer available.
 - a. Federal funds shall not be used to provide staff that the District provided with non-federal funds in the prior year.
 - i. Documentation may include a report that reflects the staff units throughout the district and the prior year and current year source of funding.
 - b. Federal funds shall not be used to pay for goods or services that the District provided with non-federal funds in the prior year.
 - i. Documentation may include budget worksheets or other budget documents.
- 6. Procedures for determining that program-specific supplement, not supplant provisions are met.
 - a. Title I, Part A - Schoolwide Programs
 - i. Title I, Part A federal funds shall be used only to supplement the amount of funds available from non-federal sources for the campus including funds needed to provide services that are required by law for children with disabilities and children with limited English proficiency. A schoolwide campus does not have to demonstrate that activities are supplemental. The school is not required to identify particular children or to provide supplemental services to identified children.
 - ii. A review of the non-federal funds available to each campus (schoolwide and non-participating) shall be conducted on an annual basis.
 - b. Title I, Part D – Neglected and Delinquent
 - i. A Title I, Part D program that supplements the number of hours of instruction students receive from state and local sources shall be considered to comply with the supplement, not supplant requirement of section 1120A (as applied in this part) without regard to the subject areas in which instruction is given during those hours.
 - ii. A review of the number of hours of instruction provided to students from state and local sources shall be conducted on an annual basis.
 - c. Title II, Part A – Teacher/Principal Training and Recruitment
 - i. Using Title II, Part A funds to meet any state mandate or local board policy would be considered a supplant. For example, if an LEA decides to use Title II, Part A funds to hire additional teachers to reduce class size in Grade 2, the state mandate of 22:1 must be met with state and/or local funds before additional teachers may be hired with Title II, Part A funds.
 - ii. Documentation may include a report that reflects the teacher units throughout the district mandated by the state and the excess units, if any.
 - d. Title III, Part A – English Language Acquisition
 - i. Title III, Part A funds shall be used so as to supplement the level of Federal, State, and local public funds that, in the absence of such availability, would have been expended for programs for limited English proficient children and immigrant children and youth and in no case to supplant such Federal, State, and local public funds.
 - ii. Documentation may include a report that reflects the state and/or local funds used to provide Bilingual education or ESL services to students as required by state law and the federal funds used to provide additional services beyond the basic education program that is already provided.

6100 Procedures for Federal Program Funding – Personnel Needs Determination

- Based on CNA and deemed essential to meet federal program guidelines and objectives
- Passes battery of NCLB questions

Job Description

- Developed using current grant applications for activities if new position
- Compared to Funding Application
- Approved by Superintendent who determines pay level

Hiring Procedures

- Supervisor reviews applications and accepts or rejects for interview
- Interviews are conducted and supervisor recommends candidate for employment
- References are reviewed, criminal history check, and offer position if applicant is acceptable

Orientation and Training

- Orientation to specific Job Description and requirement
- Job Description signed by employee and immediate supervisor
- Initial training on grant application and/or corresponding regulations done by supervisor

Payroll (6100) documentation needs:

- List of teachers, paraprofessionals, and other staff and amounts paid out of federal funds.
- Job description for each person that is paid out of federal funds, signed and dated.
- Semi-annual certifications signed and dated
- For extra duty pay, employees must sign an Extra Duty Addendum and have supervisor's signature with a copy to the Business Manager. Supervisors will need to complete an Extra Duty Pay request with required documentation of teacher sign-in sheets. List of students tutored remains at the campus.

Professional and Contracted Services

Cost of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the district, are allowable, when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government.

To determine allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative; however the following factors are relevant:

- The nature and scope of the service rendered in relation to the service required
- The necessity of contracting for the service, considering the district's capability in the particular area.
- The past pattern of such costs, particularly in the year prior to federal awards.

- The impact of federal awards on the district's business
- Whether the proportion of federal work to district's total business is such as to influence the district in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under federal grants and contracts.
- Whether the service can be performed more economically by direct employment rather than contracting
- The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-federal awards.
- Adequacy of the contractual agreement for the service estimate of time required, rate of compensation and termination provisions.

6200 Procedures for Federal Program Funding – Contracts

Need for outside provider is determined

- Can the service be performed by staff in a timely manner?
- No employee has skill set?
- Is the activity allowable under the federal program regulations?
- If NCLB funds, does the activity pass the NCLB battery of questions & allowable cost principles?
- Is the need documented on the CIP or other required plans for the district needing the service?
- Use process that meets IRS standards for independent contractor vs. employee
- Check application with federal program contact for pre-approved contractors or contract amount

Contract Development and Approval

- Check budget and amend funding application if necessary
- Administrator determines who is a suitable contractor for providing service
- Administrator completes contractual form certifying status and fee requirements
- All contracts must be signed by Superintendent
- Appropriate federal code is determined
- Purchasing compliance:
 - >\$100,000 - federal competitive procurement
 - >\$ 50,000 - state bid laws apply
 - >\$ 500 for goods or supplies, 3 quotes per local procedures
- Sole source contracts must be supported by appropriate documentation
- PO requisition created and entered in accounting system prior to start date of work
- Business Office mails PO to vendor

Monitoring and payment of Contract

__ Administrator regularly communicates with contractor to determine whether timelines are on schedule; interim review of service or product if applicable, and review of client comments on service

__ Evaluation report on professional development services and other development is reviewed by supervisor before payment

__ Invoice review by program staff required before entering invoice of contractor for payment; documentation such for associated costs of mileage, supplies and materials are checked for accurate recording

__ Administrator signs invoice as approval to pay after determining compliance with contract

__ Business Office reviews for fiscal requirements before payment is provided (matching of invoice to PO to receiver signatures by appropriate staff)

Contracted Services (6200) documentation needs:

- Copy of itemized invoice
- Contracted services invoiced – if itemized, then receipts are required to support each charge. If invoice states “travel expense” and amount, then no receipts are required.
- These criteria below should be documentable by the administrator for any contracted service:
 1. Purpose of invoice:
 2. How is expense supplemental?
 3. Date of Service:
 4. Number of teachers/students served:
 5. Does the contracted service tie back to the District/Campus needs assessment?

Supplies and Materials

Supplies are defined as tangible personal property other than equipment. Supplies are to be used for the originally authorized purposes as long as needed for that purpose. Supplies purchased with grant funds, as budgeted in the grant agreement, belong to the district and should remain on the campuses.

Capital Outlay

If the district purchases capital outlay (furniture and/or equipment) to accomplish the goals of the project, the title will remain with the district until disposed of by the district. When capital outlay items are no longer needed for the originally authorized purposes, the items may be used by other activities currently or previously supported by TEA.

Property Management Requirements

The district is required to manage property acquired in whole or in part with grant funds by establishing and using procedures that meet 34 CRF 80.32 including the following requirements: maintain property records within a fixed asset inventory system to include the description of the property, the serial number; the source of the property; the name of the entity that holds title; the acquisition date and cost; the percentage of federal/state participation in the cost of the property; the location and condition of the property; and any disposition data including date of sale of the property. TEA must be contacted for written instructions on the disposal of property.

Procedures for Federal Program Funding – Supplies, Materials, & Capital Outlay

Need for Product/Material

- Is purchase supplemental?
- Is purchase allowable under federal program regulations?
- If NCLB purchase, does purchase support NCLB battery of questions and regulations?

Request, Ordering and Approval

- Budget is checked and funding application amended if necessary
- Order is created and approved by campus administrator and/or Business Manager
- Appropriate federal accounting code determined for purchase order
- All requirements for vendors, buy boards, and quotes/bids are followed
- Business Manager approves order
- If considered sole source vendor, appropriate documentation is provided

Monitoring of Use in Program

- Materials purchased are immediately incorporated into the program and are regularly in use
- Budget is monitored with Business Office for accuracy in coding

Payment

- Receipt of materials is verified as accurate by the Business Office
- Business Office reviews for fiscal requirements before payment is made
- Business Manager approves and authorizes payment

Record in Fixed Asset Inventory if Applicable

- >\$5,000 capitalize; record in inventory
- >\$500 record in inventory
- Label/tag item
- Follow disposal procedures at end of useful life after documented approval by TEA

Materials and Supplies (6300) and Capital Outlay (6600) documentation needs:

- Must have copy of itemized invoice or itemized receipt
- Ensure purchase is not a Capital Outlay (6600) purchase over \$5,000

- These criteria should be documented by the administrator:
 - Purpose of invoice
 - How is expense supplemental?
 - Who benefits from this expenditure?
 - How does this expenditure benefit the student?
 - Was this a planned expense?
 - Does the expenditure tie back to the District/Campus needs assessment?
 - This expenditure is not considered to be 6600 – Capital Outlay?

Fiscal/Accounting & Grant/Program Retention Records

All fiscal/accounting records are to be maintained and should include at a minimum a general ledger of all expenditures, time and effort records for employees, charges made to payroll as documented in a payroll ledger, purchase orders, invoices, receipts, travel vouchers showing expenses reimbursed to employees, cancelled checks, bank statements, and any other documentation that supports the financial transaction.

Financial and program records, supporting documents, statistical records, and all other records pertinent to program regulations on the grant award must be retained for a period of Fiscal Year End + 5 years. With a pending audit, all records must be retained until audit is settled.

Program records would be any documentation which provides evidence that program activities as described in the application authorizing program statute actually occurred. Program records might include: class rosters, attendance rosters, sign-in sheets, lesson plans, student test scores, agendas of meetings/trainings, copies of materials, handouts, minutes from meetings, etc.

Fixed Assets Guidelines

The district's fixed asset system allows the district to purchase, record, track and report items such as land/buildings, vehicles, equipment, and computer equipment. This system allows the district to meet state and federal cost accounting requirements.

Like items with an aggregate cost of \$5,000 or more must be capitalized. They must have a useful life of at least seven years; be non-expendable; retain original shape and appearance; and not lose its identity through incorporation into a different or more complex unit or substance. If parts are purchased separately to assemble into one item or one unit, the total cost determines if the unit is to be considered a fixed asset. Budget items coded 6600 are considered fixed assets.

Fixed assets that are no longer in working condition and are to be disposed of will be reported to the Business Manager who will then remove assets from the reporting system. Items which are no longer in working condition may be sent to auction conducted by the district's operations department. Items to be sold will be removed from the fixed assets system. Proceeds from sale of property will be booked as revenue from sale of property. Fixed assets that have been stolen or destroyed must also be reported to the Business Office and removed from fixed assets reports.

For federal fund grant award purposes, fixed assets are coded to the grant funds in the fixed assets system and meet the specifics of the grant. The fixed asset must be used for the original intent of the purchase according to grant allowances.

Guidelines for Allowable Costs

Guidelines for allowable costs under the grant can be found in OMB Circular A-87. In addition, purchasing procedures outlined in the *ISISD Fiscal Manual* must be followed. The purchases must be aligned with the appropriate Campus/District Plan and must follow the OMB A-87 cost principles, and applicable grant requirements in determining reasonableness, allowability, and allocability costs. Purchases must be approved by

the Business Manager as part of the process. Funds must be expended for reasonable and necessary costs in conducting grant activities.

Internal Controls

Internal control is a process designed by the district to provide reasonable assurance regarding the achievement of these objectives: effectiveness and efficiency of operations; reliability of financial reporting; consistency from one grant program to another; and compliance with applicable laws and regulations. The controls will include all methods adopted by the district to safeguard its assets, comply with management policies and grant terms and conditions, and provide reliability of accounting information data.

The Board president and Board secretary signatures are the required signatures for check processing for accounts payable. The Superintendent and Business Manager sign payroll checks. Electronic transfer of funds is performed via an on-line banking system with authority rights given to the Business Manager of the district. The transactions are performed with documentation referencing transaction numbers and backup documentation justifying said transfers. The district has adopted policies to comply with internal controls, and the controls are tested each year by an independent audit firm.

Petty Cash Funds

The district does not disburse federal funds through petty cash funds nor does the district commingle federal funds with petty cash funds.

Purchasing Guidelines

The district must make its purchases following relevant statutes and policies. Although bound by these constraints, the district's objective is to purchase the best products, materials and services at the lowest practical prices. The following procedures are based on State of Texas statutes, ISISD policies, procedures and administrative guidelines, and ISISD purchasing guidelines as outlined in the *ISISD Fiscal Manual*. Please refer to the *ISISD Fiscal Manual* for more detailed information.

A purchase order/requisition gives staff members a method to ask for goods and services. All purchase orders must be approved as required by the appropriate administrator who has evaluated and verified the need for the goods or services and specified the proper account code. Once the request is approved, it is entered electronically as a purchase requisition with budget coding verified as to correctness and availability of funds. It must meet district criteria outlined in the *ISISD Fiscal Manual*. A purchase order is generated by the Business Office which encumbers the order in the finance program. The order is placed at the district level. Once shipments have been processed and received, the Business Office prints a receiving report and matches the invoice, receipt, and purchase order to process payment.

- Purchases using special revenue funds must match the approved grant application from the funding agency and comply with all program guidelines and assurances. An approved requisition form must accompany all requests for purchases. Accurate coding must be used for purchases/ payments.
- Requests for goods or services totaling \$500 to \$25,000 require quotations from at least three vendors or a notarized Sole Source Letter in an attempt to secure the best possible price. Secured quotes should be placed with the purchase order information to verify quotes were obtained.
- Requests for goods or services totaling over \$25,000 in the aggregate for twelve months (September 1 through August 31) must be supported by a competitive pricing mechanism before purchases can be made.
- Orders must not be deliberately split to avoid the necessity for quotes or competitive bids.

Reimbursements

Expenses incurred that are charged to federal funds must follow federal program allowable cost guidelines. Employees seeking reimbursement for prior approved expenses incurred out of pocket should submit a requisition for check to his/her supervisor requesting reimbursement of expenses with original itemized receipts. Itemized receipts must be submitted to the Business Office with approved check requisition. Normal purchasing guidelines apply. Expenses incurred charged to federal funds must follow federal program allowable cost guidelines.

TEA Secure Environment (TEASE) Access

TEA SE access is required for program access such as compliance reporting, application submission, budget amendment submission and expenditure reporting/draw-downs. Currently, the Business Manager and Superintendent have TEASE accounts. If an employee with TEASE access terminates employment from the district, a request will be submitted to de-activate access to the TEASE system. If a replacement is employed for the terminated employee, then it will be determined if TEASE access is required and, if so, a request will be submitted to gain access to the system.

Time and Effort Requirements

The Business Manager is responsible for ensuring proper time and effort documentation as well as reconciliation of time and effort to actual pay and making necessary adjustments.

Time and effort serves as the 'receipt' for payroll expenditures. Federal regulation requires that any salaries and benefits charged to federal awards with multiple costs objectives OR a combination of federal with state/local funds must be based on documentation that meets the following criteria in order to reflect allowable charges to the federal awards:

- The employee's time must be documented in writing.
- The documentation should reflect the actual time spent by the employee on activities of the federal program(s) being charged.
- The period covered by the documentation may not exceed one month, to coincide with pay periods.
- The documentation should account for all of the employee's time for the period covered (including state/local activities); therefore, the reports must reflect and after-the-fact distribution of 100% of the actual time spent on each activity.
- The documentation should be signed by the employee and the employee's supervisor.
- This requirement applies to all Federal awards unless specifically exempted by the Office of Management and Budget (OMB).

District employees working on a single cost objective must certify in writing, at least semi-annually, that he/she worked solely on the program(s) for the period covered by the certification. The certification must be signed by the employee and by a supervisor having first-hand knowledge of the work performed. The semi-annual (periodic) certification requires the employee's signature well as the signature of a supervisor (principal or superintendent.) Semi-annual (periodic) certifications are filed in the employees' folders in the Business Office.

Personnel Activity Reports (PARs) are completed on a monthly basis by employees working on multiple cost objectives and/or whose salaries are funded by a federal source as well as other sources (split-funded). PARs document the employee's time spent working on each activity (cost objective) and reflect actual work performed. Employees sign and date after-the-fact monthly reports (PARs) each month to coincide with pay periods. These forms are signed by the employee's supervisor and submitted to the Business Office each month, then filed in the employees' folders.

The Business Office staff review time and effort reports, compare to payroll, and adjust accordingly (if necessary) on a quarterly basis or as needed due to changes in staffing.

Job Descriptions

Current, detailed job descriptions describing the work performed by the employees paid from federal funds are signed and dated by the employee and supervisor. Job descriptions are filed in the employee's folder in the Business Office.

A current job description for each employee which delineates the program(s) or cost objectives under which the employee works should be available for documentation to support charges to federal programs. For teachers and instructional aides, daily class schedules should provide adequate documentation. However, teachers and instructional aides must maintain on file a signed and dated job description, agreement or equivalent documentation identifying the function(s) and activities performed for fund sources before or after their normal work day.

Job descriptions must be updated annually or when a function or activity is added to or deleted from an existing job description, must clearly identify the function and activities performed by the employee for the applicable fund source(s) or cost objective, and must be maintained in the employee's personnel file.

The Business Manager ensures maintenance of accurate job descriptions as determined by district employees whose salaries are paid from federal sources or programs.

Travel Costs

Generally, the district does not permit the use of federal funds for costs related to travel nor does the district reimburse employees for travel expenses with federal funds.

Should circumstances call for disbursement of federal funds for travel, the need for travel tied to the goals of grant program must be determined prior to travel. In order for travel costs to be paid or reimbursed, the employee must complete a travel form and have supervisor approval. Once final approval is completed by the Business Manager, the Business Office will issue a check.

All itemized receipts for costs incurred must be attached to original travel form with check requisition for reimbursement. Expenses are verified as part of approval process. After attending a conference/training/meeting, verification of completion of the event must be submitted.

Travel costs will comply with OMB Circular A-87 and district travel policy. The Business Manager shall ensure that the allowable costs expended to federal funds do not exceed allowed rates as indicated for site for lodging as per U.S General Services Administration. (Verify allowable amount at www.gsa.gov.) Meal reimbursement will be paid at the state rate or the district rate (whichever is lower). Mileage will be reimbursed at the state rate or district rate (whichever is lower). Reference OMB Circular A-87 for airfare guidelines.

<http://www.whitehouse.gov/omb/circulars>

Use of District Credit Cards

The district does not permit the use of a district credit card for any purchases made with federal funds. Grant funds are not expended through corporate accounts and/or revolving lines of credit. Grant funds are not disbursed through debit cards and/or gift cards.

Section 9

Appendix